

1 **N.B.: This proposed 15-day change document is based on the text of**  
2 **the regulation as originally proposed, which was dated May 26,**  
3 **2004. (That May 26 document was presented in strikeout/underline**  
4 **style.) Pursuant to the Administrative Procedure Act, changes to**  
5 **the text as originally proposed are shown in double strikeout/double**  
6 **underline style.**

7 **Comments concerning these proposed 15-day changes must be**  
8 **received by 5 p.m., Thursday, September 9, 2004. Comments may**  
9 **mailed to California Gambling Control Commission (Att'n: Herb**  
10 **Bolz), P.O. Box 526013, Sacramento, CA. 95852-6031; faxed to (916)**  
11 **263-0452; emailed to [hbolz@cgcc.ca.gov](mailto:hbolz@cgcc.ca.gov).; or hand-delivered to**  
12 **Suite 100, 2399 Gateway Oaks Drive, Sacramento, CA 95833-4231.**

13 **In comments, please specify the page and line number of the**  
14 **regulation on which you are commenting.**

15 **\*\*\*\*\***

## 16 **Title 4, California Code of Regulations, Division 18**

### 17 **Chapter 2.1. Third-Party Providers of Proposition Player** 18 **Services: ~~Interim~~ Registration; Licensing**

#### 19 **Article 1. Definitions and General Provisions**

**Article 2. ~~Interim~~ Registration**

**Article 3. Licensing**

**Chapter 2.2 Gambling Businesses: Registration; Licensing**

**Article 1. Definitions and General Provisions**

**Article 2. Registration**

**Article 3. Licensing**

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**Chapter 2.1. Third-Party Providers of Proposition Player  
Services: ~~Interim~~ Registration; Licensing**

**Article 1. Definitions and General Provisions**

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Section 12200.1 Certificate

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21	Section 12200.15	Transfers and Sales
22		
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6 Section 12200.20 ~~Non-refundable~~ Annual Fee

7 Section 12200.21 Compliance

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9 **Article 2. Interim Registration**

10

11 Section 12200.25 Transition to Licensing

12 Section 12201 Registration

13 Section 12202 Application for Registration

14 Section 12203 Processing of Applications for Initial and

15 Renewal Registration

16 Section 12203.1 Temporary Player Registration

17 Section 12203.2 Application for Temporary Player Registration:

18 Application; Criteria

19 Section 12203.3 Processing Times for Temporary Player

20 Registration

21 Section 12203.4 Effect of Denial or Cancellation of Temporary

22 Registration

1	<u>Section 12203.5</u>	<u>Cancellation of Temporary Registration</u>
2	Section 12204	Ineligibility for Registration
3	Section 12205	Cancellation of Registration
4	Section 12206	Badge [To be repealed]
5	Section 12207	Proposition Player Contract Criteria
6		[To be repealed]
7	Section 12208	Review and Approval of Proposition Player
8		Contracts [To be repealed]
9	Section 12209	Playing Books [To be repealed]
10	Section 12210	Transfers and Sales [To be repealed]
11	Section 12211	Inspections [To be repealed]
12	Section 12212	Compliance [To be repealed]
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14	Section 12214	Emergency Orders [To be repealed]

15 **Article 3. Licensing**

16 Section 12218: ~~Application for Initial Licensing~~ Request to  
17 Convert Registration to License

18 Section 12218.5 Withdrawal of Request to Convert Registration to  
19 License

1 Section 12218.7      Processing Times--Request to Convert

2                                    Registration to License

3 Section 12218.11      Ineligibility for Licensing

4 Section 12218.13      Term of License

5 Section 12218.15      Compliance [To be repealed]

6 Section 12218.17      Background Investigation Deposit [To be  
7                                    repealed]

8 ~~Section 12218.19~~      ~~Term of License~~

9 **Article 1.      Definitions and General Provisions**

10  
11 .....  
11 **Section 12200.      Definitions**

12 (a)      Except as otherwise provided in subsection (b), the definitions in Business  
13              and Professions Code section 19805 shall govern the construction of this  
14              chapter.

15 (b)      As used in this chapter:

16              (1)      “Applicant” means ~~the~~ an applicant for registration or licensing under  
17                      this chapter, including in the case of an owner that is a corporation,  
18                      partnership, or any other business entity, all persons whose  
19                      registrations or licenses are required to be endorsed upon the primary  
20                      owner’s registration or license certificate.

1       (2) “Authorized player” means an individual associated with a particular  
2       primary owner whose badge authorizes play in a controlled game on  
3       behalf of the primary owner, including the primary owner, all other  
4       owners, all supervisors, and all players. “Authorized player” does not  
5       include funding sources or owners who have been issued a non-  
6       playing badge. Only authorized players may perform the functions of  
7       a supervisor or player.

8       ~~(2)~~(3) “Badge” means a form of identification issued by the Commission  
9       identifying a registrant or licensee. A badge authorizing play in a  
10       controlled game shall be of a distinctly different color than a badge,  
11       which identifies a registrant or licensee, but does not authorize play.

12       ~~(3)~~(4) “Bureau” means the Bureau of Criminal Identification and  
13       Information of the California Department of Justice.

14       ~~(4)~~ (5) “Commission” means the California Gambling Control Commission.

15       ~~(5)~~ (6) “Deadly weapon” means any weapon, the possession or concealed  
16       carrying of which is prohibited by Penal Code section 12020.

17       ~~(6)~~ (7) “Division” means the Division of Gambling Control in the California  
18       Department of Justice. Documents required by this chapter to be sent  
19       ~~(or information required to be furnished) to the Division shall be sent~~  
20       ~~to the Sacramento office of the Division. Information that this chapter~~  
21       requires to be sent to the Division shall be submitted in writing to the  
22       Sacramento office of the Division.

1        ~~(7)~~ (8) “Executive Director” means the Executive Director of the  
2                    Commission ~~or such other person as may be designated by the~~  
3                    ~~Commission.~~

4  
5        ~~(8)~~ (9) “Funding source” means any person that provides financing,  
6                    including but not limited to loans, advances, any other form of credit,  
7                    chips, or any other representation or thing of value, to an owner-  
8                    registrant or owner-licensee, other than individual registrants under  
9                    Subsection (d) of Section 12201 or licensees. “Funding source” does  
10                   not include any federally or state chartered lending institution or any  
11                   of the following entities that in the aggregate owns at least one  
12                   hundred million dollars (\$100,000,000) of securities of issuers that are  
13                   not affiliated with the entity:

14  
15                   (A)    Any federally-regulated or state-regulated bank or savings  
16                   association or other federally- or state-regulated lending  
17                   institution.

18  
19                   (B)    Any company that is organized as an insurance company, the  
20                   primary and predominant business activity of which is the  
21                   writing of insurance or the reinsuring of risks underwritten by  
22                   insurance companies, and that is subject to supervision by the  
23                   Insurance Commissioner of California, or a similar official or  
24                   agency of another state.

25  
26                   (C)    Any investment company registered under the federal



Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et seq.).

(D) Any retirement plan established and maintained by the United States, an agency or instrumentality thereof, or by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees.

(E) Any employee benefit plan within the meaning of Title I of the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. sec. 1001 et seq.).

(F) Any securities dealer registered pursuant to the federal Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

(G) Any entity, all of the equity owners of which individually meet the criteria of this paragraph ~~(8)~~ (9).

~~(9)~~ (10) “Gambling Control Act” or “Act” means Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code.

(11) ~~(A)~~ “License” means a license issued by the Commission pursuant to article 3 of this chapter.

(A) There are four license categories entitling the holder to

1 provide third-party proposition player services:

2 (i) primary owner, ~~if issued a playing badge,~~

3 (ii) owner, if issued a playing badge,

4 (iii) supervisor, and

5 (iv) player.

6 (B) All other employees of the primary owner who are  
7 present in the gambling establishment during the  
8 provision of proposition player services under the  
9 primary owner's proposition player contract shall be  
10 licensed as "other employee" and shall be required to  
11 submit an application and be approved or denied based  
12 upon the same criteria that apply to a player.

13  
14 (12) "Licensee" means a person having a valid license.

15  
16 (13) "Organization chart" means a chart that identifies the names  
17 and titles of all owners, as defined in section 12200(b)(15),  
18 supervisors, and any persons having significant influence over  
19 the operation of the entity or provision of proposition player  
20 services; the percentage of ownership, if any, held by each  
21 identified individual or entity; and the reporting relationship for  
22 each identified individual or entity.

23  
24 ~~(13)~~(14) "Other employee" does not include officers of a primary owner  
25 that is a corporation.

26 ~~(10) ~~(14)~~(15)~~ "Owner" includes all of the following:

1 (A) A sole proprietor, corporation, partnership, or other  
2 business entity that provides or proposes to provide third  
3 party proposition player services as an independent  
4 contractor in a gambling establishment,

5 (B) Any individual specified in Business and Professions  
6 Code section 19852, subdivisions (a) through (h), and

7 (C) Any funding source.

8 ~~(11)~~ ~~(15)~~ (16) “Playing Book” means a record documenting each  
9 session of play by a third-party proposition player.

10 ~~(12)~~ ~~(16)~~ (17) “Primary Owner” means the owner specified in  
11 subparagraph (A) of paragraph ~~(10)~~ ~~(14)~~ (15) of this subsection.

12 ~~(13)~~ ~~(17)~~ (18) “Proposition player” or “player” means an individual  
13 other than an owner or a supervisor who provides third-party  
14 proposition player services in a controlled game.

15 ~~(14)~~ ~~(18)~~ (19) “Proposition player contract” or “contract” means a  
16 written contract, the terms of which have been reviewed and approved  
17 by the Division, between the holder of a state gambling license and a  
18 primary owner for the provision of third-party proposition player  
19 services in the gambling establishment.

20 ~~(19)~~ (20) “Rebate” means a partial return by an authorized proposition  
21 player of chips or money to a patron who has lost the chips or money  
22 to the authorized player through play in a controlled game at a  
23 gambling establishment.

(15) ~~(20)~~(21) "Registrant" means a person having a valid registration.

(16) ~~(21)~~(22) "Registration" means a registration issued by the Commission pursuant to this chapter. There are four registration categories entitling the holder to provide third-party proposition player services: primary owner, owner, supervisor, and player. All other employees of the primary owner who are present in the gambling establishment during the provision of proposition player services under the primary owner's proposition player contract shall be registered as "other employee." ~~The holder of an owner's registration~~ A primary owner issued a playing badge and an owner issued a playing badge may also perform the functions of a supervisor or player, and the holder of a supervisor's registration may also perform the functions of a player. No registrant, other than an owner issued a playing badge, supervisor, or player, may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play in the performance of a proposition player contract. An individual registered as an "other employee" may not function as a player unless and until that individual applies for and obtains registration as a player.

(17) ~~(22)~~(23) "Session of play" ~~as used in Section 12200.13~~ 12200.16 ("Playing Books") means a continuous workshift of third-party proposition player services provided by an individual proposition player.

(18) ~~(23)~~(24) "Supervisor" means an individual who, in addition to any supervisory responsibilities, has authority, on behalf of the primary

1 owner, to ~~direct or provide~~ or direct the distribution of currency,  
2 chips, or other wagering instruments to players engaged in the  
3 provision of third-party proposition player services in a gambling  
4 establishment.

5 ~~(24)(25) “Supplemental application package” means a license application~~  
6 ~~form as prescribed by the Commission and all of the documentation~~  
7 ~~and deposits required to be submitted to the Division in response to a~~  
8 ~~summons issued pursuant to Section 12200.25.~~

9 “Supplemental information package” means all of the documentation  
10 and deposits required by each of the following forms (which are  
11 hereby incorporated by reference) to be submitted to the Commission  
12 in response to a summons issued by the Division pursuant to Section  
13 12200.25:

14  
15  
16 (A) Owners, as defined in Section 12200(b)(15), that are a natural  
17 person shall complete the form Level III Supplemental  
18 Information-Individual (DGC-APP 034A, New 08/04) for a  
19 level III investigation.

20  
21 (B) Owners, as defined in Section 12200(b)(15), that are not a  
22 natural person shall complete the form Level III Supplemental  
23 Information-Business (DGC-APP. 034B, New 08/04) for a  
24 level III investigation.

1            (C) Supervisors, as defined in Section 12200(b)(24), shall complete  
2            the form Level II Supplemental Information (DGC-APP. 033,  
3            New 08/04) for a level II investigation.

4  
5            (D) Other employees and players, as defined in Section  
6            12200(b)(11)(B) and 12200(b)(18), shall complete the form  
7            Level I Supplemental Information (DGC-APP. 032, New  
8            08/04) for a level I investigation.

9            ~~(19) (25)(26)~~            "Third-party proposition player services" or "proposition  
10            player services" means services provided in and to the house under  
11            any written, oral, or implied agreement with the house, which services  
12            include play as a participant in any controlled game that has a rotating  
13            player-dealer position as permitted by Penal Code section 330.11.  
14            "Proposition player services" also includes the services of any  
15            supervisors, as specified in paragraph ~~(18) (22)~~ (24) of this subsection.

16            ~~(26)(27)~~            "TPP" means "third party proposition." This abbreviation is  
17            used in Section 12200.3 and in prescribing titles used on registrant  
18            and licensee badges, for example, "TPP Player Registrant."

19            **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

20            **Reference:** Sections 19805 and 19984, Business and Professions Code

21  
22            **Section 12200.1.            Certificate**

1 (a) The Commission shall issue a registration or license certificate, as  
2 applicable, to each primary owner.

3 (b) The Commission shall endorse upon each certificate the names of all other  
4 owners affiliated with the primary owner.

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

6 **Reference:** Section 19984, Business and Professions Code  
.....

7  
8 **Section 12200.3. Badge—~~Initial, Transfer, or Additional~~**

9 (a) All individuals licensed or registered as primary owners, owners,  
10 supervisors, players, or other employees of the primary owner shall wear in  
11 a prominently visible location a numbered badge issued by the Commission  
12 when present in a gambling establishment during the provision of  
13 proposition player services under the proposition player contract that covers  
14 the licensee or registrant. If an individual ceases to be employed by or  
15 affiliated with a particular primary owner, that individual shall surrender his  
16 or her badge to the primary owner. The primary owner shall notify the  
17 Commission and the Division in writing within 10 days of the change in  
18 status using the ~~prescribed CGCC Form~~ Change in Status Form for a Third  
19 Party Proposition Player Services Registration (CGCC-441, New 6/04),  
20 which is hereby incorporated by reference. Any primary owner receiving a  
21 badge from an individual formerly employed by or affiliated with the  
22 primary owner shall return the badge to the Commission within 10 days of  
23 receiving the badge from the holder.

- 1 (b) The words “TPP PLAYER REGISTRANT,” “NON-PLAYER TPP  
2 REGISTRANT,” “TPP PLAYER LICENSEE,” OR NON-PLAYER TPP  
3 PLAYER LICENSEE” in capital letters shall be prominently displayed on  
4 the front of the badge. The first name of the registrant or licensee shall  
5 appear on the front of the badge. The full name of the registrant or licensee  
6 shall be printed on the reverse side of the badge, together with the  
7 registrant’s or licensee’s category of registration or licensing as an owner,  
8 supervisor, player, or other employee.
- 9 (c) On the badge, there shall be displayed the picture of the registrant or  
10 licensee submitted with the application, the badge number, and expiration  
11 date. On the badge there shall be displayed the name of the primary owner  
12 employing the registrant or licensee, which shall be the fictitious business  
13 name, if properly any, established pursuant to Chapter 5 (commencing with  
14 Section 17900) of Part 3 of Division 7 of the Business and Professions Code.
- 15 (d) Upon renewal of each registration and upon issuance of each registration or  
16 license, ~~Authorized~~ authorized players shall be issued a badge of one color;  
17 individuals not authorized to play shall be issued a badge of a distinctly  
18 different color.
- 19 (e) An individual registered as a player with a particular primary owner shall  
20 apply for and obtain a new badge pursuant to section 12200.5 before  
21 beginning to work for an additional or a different primary owner.
- 22 (f) Registrations, licenses, and badges are specific to the primary owner. ~~TPPP~~  
23 Third party proposition player services cannot be provided without first  
24 applying for and obtaining a registration, license, or badge.



1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Section 19984, Business and Professions Code

3  
4 **Section 12200.5 Replacement of Badge**

5  
6 **(a) Upon application, the Executive Director shall issue a replacement badge if**  
7 **all of the following conditions are met:**

8 **(1) The applicant has a current valid registration or license.**

9 **(2) The application is complete and has been submitted on the form**

10 **Request for Replacement Third Party Proposition Player Services**

11 **Badge (CGCC-438, New 06/04), which is hereby incorporated by**  
12 **reference.**

13 **(3) The applicant has supplied all of the following to the**

14 **Commission:**

15 **(A) A two by two inch color passport-style photograph taken**

16 **no more than one year before submission to the**

17 **Commission of the badge replacement or transfer request.**

18 **(B) A nonrefundable \$25.00 fee payable to the Commission.**

19 **(C) The category of the position and information concerning the**  
20 **primary owner for which the replacement badge is requested:**

21 **the name of the primary owner, mailing address, voice**

22 **telephone number, facsimile number (if any), and email address**

23 **(if any).**

1           (D) A statement under penalty of perjury that a replacement badge  
2           is needed due to loss or destruction of the originally issued  
3           badge.

4   (b) A replacement badge issued pursuant to this section shall be valid during the  
5   unexpired term of the previously issued registration or license.

6   (c) Upon issuance of the replacement badge, the previously  
7   issued badge for that third-party proposition services provider shall become  
8   void and shall not be used.

9   (d) Replacement badges shall be issued by the Commission within seven days of  
10   receipt of a complete application.

11   **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

12   **Reference:** Section 19984, Business and Professions Code

13  
14   **Section 12200.6           Transfer of Player Registration or License;**  
15   **Issuance of Additional Badge**

16  
17   (a) Upon application, the Executive Director shall issue a player transfer badge  
18   or an additional player badge if all of the following conditions are met:

19   (1) The applicant has a currently valid registration or license.

20   (2) The application is complete and has been submitted on the form

21   Request for Transfer of Third Party Proposition Player Services

22   Registration/License or Additional Third Party Proposition Player

23   Services (CGCC-439, New 06/04), which is hereby incorporated by  
24   reference.

25   (3) The applicant has supplied all of the following to the

1           Commission:

2           (A) A two by two inch color passport-style photograph taken  
3           no more than one year before submission to the  
4           Commission of the request.

5           (B) A nonrefundable \$125.00 fee payable to the Commission.

6           (C) The names of the current and future primary owner (or  
7           additional owner), mailing address, voice telephone number,  
8           facsimile number (if any), and email address (if any).

10          (b) A transfer badge issued pursuant to this section shall be valid during the  
11          unexpired term of the previously issued registration or license.

12          (c) Upon issuance of the transfer badge, the previously issued badge  
13          for that third-party proposition services provider shall become void and  
14          shall not be used.

15          (d) Transfer and additional badges shall be issued by the Commission within  
16          seven days of receipt of a complete application.

17          **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

18          **Reference:** Section 19984, Business and Professions Code

21          **Section 12200.7           Proposition Player Contract Criteria**

22          (a) All proposition player contracts shall be subject to, and superseded by, any  
23          changes in the requirements of regulations adopted under Business and

1 Professions Code section 19984 that conflict with or supplement provisions  
2 of the proposition player contract.

3 (b) Each proposition player contract shall specifically require all of the  
4 following to be separately set forth at the beginning of the contract in the  
5 following order:

6 (1) The names of the parties to the contract.

7 (2) The effective dates of the contract.

8 (3) The specific name of the Division-approved gaming activities for  
9 which proposition player services will be provided.

10 (4) The maximum and minimum number of gaming tables available to the  
11 proposition player provider service.

12 (5) That no more than one owner, supervisor, or player from each  
13 provider of proposition player service shall simultaneously play at a  
14 table.

15 (6) The hours of operation that proposition player services will be  
16 provided.

17 (7) A detailed description of the location, applicable security measures,  
18 and purpose of any currency, chips, or other wagering instruments that  
19 will be stored, maintained, or kept within the gambling establishment  
20 by or on behalf of the primary owner.

- 1       (8) That proposition player services shall be provided in the gambling  
2       establishment only in compliance with laws and regulations pertaining  
3       to controlled gambling.
- 4       (9) That proposition player services may be provided only by authorized  
5       players with current registration or licensing under this chapter.
- 6       (10) That the primary owner shall provide the gambling establishment with  
7       a copy of its registration or license certificate, and that the gambling  
8       establishment shall maintain the certificate on file, together with a  
9       copy of the proposition player contract applying to that establishment.
- 10       (11) That a registrant or licensee may not provide proposition player  
11       services in a gambling establishment for which the registrant holds a  
12       state gambling license, key employee license, or work permit.
- 13       (12) That collection fees charged by the house for participation in any  
14       controlled game shall be the same as those charged to other  
15       participants during the play of the game.
- 16       (13) The form to be used for the playing book record and the initial  
17       number that will be used for the sequentially numbered forms.
- 18       (14) Any agreement between the primary owner and the house for owners  
19       or supervisors to inspect or receive a copy of surveillance recordings  
20       of tables at which proposition player services are provided under the  
21       contract during the times the services are provided, as necessary for  
22       business purposes.

1       (15) A full disclosure of any financial arrangements entered into during the  
2       term of the contract for any purpose between the house and any  
3       registrant or licensee covered by the proposition player contract. If  
4       there is no financial consideration that passes under the contract, a  
5       statement to that effect shall be included.

6       (16) That any legal dispute between the primary owner and the house,  
7       including any exclusion of a registered or licensed owner, player, or  
8       supervisor covered by the contract ~~from~~ with the house shall be  
9       reported within 10 days by the primary owner and the house to both  
10      the Commission and the Division.

11      (17) That the primary owner and the house shall report within 10 days to  
12      both the Commission and the Division the identity of any registrant  
13      whose activities are covered by the proposition player contract and  
14      who is arrested in the gambling establishment by a peace officer, who  
15      is removed from the gambling establishment by a peace officer or the  
16      house, or who is involved in a patron dispute regarding his or her  
17      activities in the gambling establishment that is the subject of a report  
18      to a peace officer and that results in removal of one or more  
19      individuals.

20      (18) That any cheating reported to the house by a registrant or licensee  
21      shall be reported within 5 days of the incident by the primary owner  
22      and the house to the Commission and Division.

23      (19) That the criteria for granting any rebates by proposition players to  
24      patrons be spelled out in the contract; and that neither the house nor

1           any employee of the house shall have any role in rebates. If there are  
2           no criteria for granting rebates, a statement to that effect shall be  
3           included.

4           (20) That any tipping arrangements shall be specified in the contract; that  
5           percentage tips shall not be given; and that tips shall not be given to  
6           employees of the house ~~having either decision-making authority over~~  
7           ~~the outcome of the game or supervisory responsibilities.~~ If there are  
8           no tipping arrangements, statement to that effect shall be included.

9           (21) That the primary owner may reimburse the house in specified amounts  
10           for equipment such as surveillance cameras and monitors, or cards,  
11           shuffling machines, and dice. Neither the primary owner nor its  
12           employees shall purchase, lease, or control such equipment. If there is  
13           no arrangement to reimburse the house for equipment, a statement to  
14           that effect shall be included.

15   (c)   (1)   Except as expressly authorized by this subsection (c), a proposition  
16           player contract shall not include any provision authorizing payment to or  
17           receipt by the house, or a designee thereof, of any share of the profits or  
18           revenues of a registrant or a licensee. Any payments made by a registrant or  
19           licensee to the house for a purpose determined by agreement with the house  
20           shall be specifically authorized by the proposition player contract. All  
21           payments shall be specified in the contract. The contract shall identify ~~each~~  
22           ~~specific service or facility provided under the contract and shall specify the~~  
23           total charge for each of the following ~~category categories~~; ~~such as services,~~  
24           facilities, and advertising. In addition, the contract shall include a detailed

1 list, excluding specific costs, of the items provided or received in each of  
2 these categories.

3 (2) In no event may a proposition player contract provide for any  
4 payment based on a percentage or fraction of the registrant's or  
5 licensee's gross profits or wagers made or the number of players. All  
6 payments shall be fixed and shall only be made for services and  
7 facilities requested by, and provided to, the registrant or licensee, and  
8 for a reasonable share of the cost of advertising with respect to  
9 gaming at the gambling establishment in which the registered owner  
10 participates.

11 (3) No contract provision shall authorize any payments for services or  
12 facilities that are substantially disproportionate to the value of the  
13 services or facilities provided. No contract shall include any charge,  
14 direct or indirect, for the value of an exclusive right to conduct  
15 proposition play within all or a portion of the gambling establishment.  
16 No payment other than the collection fee for play, shall be required  
17 for play at any table, including, without limitation, reservation of a  
18 seat.

19 (d) The proposition player contract shall not contain any provision that limits  
20 contact with officials or employees of the Commission or Division. The  
21 proposition player contract shall prohibit an owner or the house from  
22 retaliating against any registrant or licensee on account of contact with an  
23 official or employee of the Commission or Division or any other public  
24 official or agency.



1 (e) A proposition player contract shall be consistent with the provisions of  
2 Business and Professions Code section 19984, subdivision (a), prohibiting a  
3 gambling establishment or the house from having any interest, whether  
4 direct or indirect, in funds wagered, lost, or won. No proposition player  
5 contract shall be approved that would permit the house to bank any game in  
6 the gambling establishment, for example, no contract provision shall require  
7 a registrant or licensee to pay for prizes awarded as a result of promotions.

8 (f) Each proposition player contract approved by the Division shall contain a  
9 provision authorizing the Commission, after receiving the findings and  
10 recommendation of the Division, to terminate the contract for any material  
11 violation of any term required by this section.

12 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

13 **Reference:** Section 19984, Business and Professions Code

14  
15 **Section 12200.9          Review and Approval of Proposition Player**  
16 **Contracts**

17 (a) (1) On and after April 30, 2004, proposition player services shall not be  
18 provided except pursuant to a written proposition player contract  
19 approved in advance by the Division. Provision of proposition player  
20 services by any person subject to registration or licensing under this  
21 chapter, or engagement of proposition player services by the holder of  
22 a state gambling license, without a contract as required by this section  
23 is a violation of this section. The Division shall approve a proposition

1 player contract only if all the following requirements have been  
2 satisfied:

3 (A) The contract is consistent with this regulation and the Act.

4 (B) The contract does not provide for controlled gambling that will  
5 be conducted in a manner that is inimical to the public health,  
6 safety, or welfare.

7 (C) The contract will not create or enhance the dangers of  
8 unsuitable, unfair, or illegal practices, methods, or activities in  
9 the conduct of controlled gambling or in the carrying on of the  
10 business and related financial arrangements.

11 (D) The contract will not undermine public trust that the controlled  
12 gambling operations covered by the contract will be conducted  
13 honestly, by reason of the existence or perception of any  
14 collusive arrangement between any party to the contract and the  
15 holder of a state gambling license, or otherwise.

16 (2) Prior to December 7, 2003, each primary owner providing proposition  
17 player services at a gambling establishment on the date that these  
18 regulations originally became effective (November 6, 2003) shall  
19 submit an Application for Contract Approval Provider of Proposition  
20 Player Services (DGC-APP.030, rev. 09/03), which is hereby  
21 incorporated by reference.

22 (3) A complete application for contract approval shall include all of the  
23 following:

1       (A) A completed Application for Contract Approval to ~~Provider~~  
2       ~~Provide~~ of Proposition Player Services (DGC-APP.030, rev.  
3       ~~09/03~~ 08/04), which is hereby incorporated by reference.

4  
5       (B) A completed Appointment of Designated Agent for Owners and  
6       Proposition Players (DGC-APP.031, rev. ~~09/03~~ 08/04), which is  
7       hereby incorporated by reference.

8  
9       (C) An executed copy of the contract that specifically addresses all  
10       of the requirements of Section 12200.7.

11  
12       (D) A playing book form that specifically addresses all of the  
13       requirements of section 12200.13.

14  
15       (E) A five hundred dollar (\$500) nonrefundable application fee.

16  
17       (F) A \$1200 deposit ~~in such amount as, in the judgment of the~~  
18       ~~Director of the Division, will be sufficient to pay the anticipated~~  
19       ~~processing costs~~ as required by Title 11, California Code of  
20       Regulations, section 2037(a)(2)(A). The Division may require  
21       an additional sum to be deposited to pay the final costs of the  
22       review and approval or disapproval of the contract. Any money  
23       received as a deposit in excess of the costs incurred in the  
24       review and approval or disapproval of the contract will be  
25       refunded and an itemized accounting will be provided to the  
26       primary owner, or primary owner's designee.

1       (4) The Division shall notify the applicant, in writing, within ten working  
2       days of receiving the application that the application or resubmitted  
3       application is complete or incomplete. If an application is incomplete,  
4       the Division shall request, in writing, any information, fees, or  
5       documentation needed to complete the application. Unless extended  
6       by the Division for further investigation up to 90 days or with the  
7       consent of the applicant, review and approval or disapproval of a  
8       proposition player contract shall be completed within 90 days of  
9       receiving a completed application and notice thereof shall be sent via  
10       United States mail to the applicant or the applicant's designee within  
11       ~~10~~ ten days of the Division's decision. Notice of disapproval of the  
12       contract or amendments shall specify the cause.

13  
14       (b) An executed copy of the currently effective contract, and all amendment(s)  
15       thereto, and a copy of all Division notices that approved the contract and any  
16       amendment shall be maintained at the gambling establishment and shall be  
17       provided for review or copying upon request by any representative of the  
18       Commission or Division.

19       (c) The term of any proposition player contract shall not exceed one year and  
20       shall not be extended or renewed without the prior approval of the Division.  
21       No amendment changing any of the contract terms referred to in Section  
22       12200.7, other than paragraphs (3), (4), and (6) of subsection (b) thereof,  
23       may become effective during the term of a proposition player contract  
24       without the prior written approval of the Division. If any amendment is  
25       made to a proposition player contract term specified in paragraphs (3), (4),

1 or (6) of subsection (b) of Section 12200.7, both parties to the contract shall  
2 notify the Commission and Division in writing of the amendment within 10  
3 days of the execution thereof by the parties to the contract.

4 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

5 **Reference:** Section 19984, Business and Professions Code

6 **Section 12200.10A Expedited Review and Approval of Proposition**  
7 **Player Contracts**

8 ~~(b)~~ ~~(1)~~ (a) In lieu of the procedure specified in ~~subsection (a)~~ Section 12200.9,  
9 the Division shall provide an expedited review process of an  
10 application for contract approval if all of the following conditions  
11 exist:

12  
13 ~~(A)~~ (1) Proposition player services were provided in the  
14 gambling establishment at any time during the 30 days  
15 preceding the application pursuant to a contract that was  
16 previously approved by the Division and that has been  
17 terminated.

18  
19 ~~(B)~~ (2) The proposed contract is between the house and a  
20 different primary owner than the previous contract under which  
21 proposition player services were provided in the gambling  
22 establishment.

1 ~~(C)~~(3) The terms of the proposed contract are substantially identical to  
2 the contract previously approved by the Division under which  
3 proposition player services were provided in the gambling  
4 establishment at any time during the 30 days preceding the  
5 application.

6  
7 ~~(2)~~ (b) If an application for contract approval is submitted as an expedited  
8 contract request and the Division determines that it does not meet the  
9 criteria, the primary owner or designee and the house shall be notified  
10 within one business day of the Division's decision. Any contract that  
11 is not processed through the expedited review and approval process  
12 shall be treated as a new contract request and reviewed and approved  
13 or disapproved as otherwise provided by subsection (a) Section  
14 12200.9(a).

15  
16 ~~(3)~~(c) The Division shall complete the expedited review and approval of a  
17 contract within three business days of receiving all of the following:

18  
19 ~~(A)~~(1) A completed Application for Contract Approval to  
20 ~~Provider~~ Provide of Proposition Player Services (DGC-  
21 APP.030, rev. 05/04 08/04, which is hereby incorporated by  
22 reference).

23  
24 ~~(B)~~(2) A completed Appointment of Designated Agent for Owners and  
25 Proposition Players (DGC-APP.031, rev. 05/04 08/04), which is  
26 hereby incorporated by reference.

1  
2 ~~(C)~~(3) An executed copy of the contract that specifically addresses all  
3 the requirements of Section 12200.7.

4 ~~(D)~~(4) A playing book form that specifically addresses all the  
5 requirements of Section ~~12200.9~~ 12200.13.

6 ~~(E)~~(5) A five hundred dollar (\$500) nonrefundable application fee.

7 ~~(F)~~(6) An expedited processing fee of \$550.

8 ~~(c)~~ ~~(1)~~ As soon as is practicable after determining that any application for  
9 approval of a proposition player contract or amendment is complete  
10 and that the contract or amendment appears to qualify for approval,  
11 but in no event less than 75 days from receipt of the application, the  
12 Division shall submit the contract or amendment to the Commission  
13 for review and comment. The Commission shall provide the Division  
14 with comments, if any, within 15 days of receipt of the contract or  
15 amendment.

16 ~~(2)~~ A copy of the Division's notice of approval or disapproval of a  
17 proposition player contract or amendment thereto shall be sent to the  
18 Commission.

19 ~~(d)~~~~(e)~~ An executed copy of the currently effective contract, and all amendment(s)  
20 thereto, and a copy of all Division notices that approved the contract and any  
21 amendment shall be maintained at the gambling establishment and shall be  
22 provided for review or copying upon request by any representative of the  
23 Commission or Division.

~~(e) (f) The term of any proposition player contract shall not exceed one year and shall not be extended or renewed without the prior approval of the Division. No amendment changing any of the contract terms referred to in Section 12200.7, other than paragraphs (3), (4), and (6) of subsection (b) thereof, may become effective during the term of a proposition player contract without the prior written approval of the Division. If any amendment is made to a proposition player contract term specified in paragraphs (3), (4), or (6) of subsection (b) of Section 12200.7, both parties to the contract shall notify the Commission and Division in writing of the amendment within 10 days of the execution thereof by the parties to the contract.~~

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

## **Section 12200.10B    Review and Approval of Amendments to Proposition Player Contracts**

~~(f)~~ Requests to review and approve an amendment to a proposition player contract shall be submitted with an application for approval along with an executed copy of the contract, a five hundred dollar (\$500) nonrefundable application fee, and a four hundred and fifty dollar (\$450) deposit in such amount as, in the judgment of the Director of the Division, will be sufficient to pay the anticipated processing costs as required by Title 11, California Code of Regulations section 2037(a)(2)(B). The Division may require an additional sum to be deposited to pay the final costs of the review and



1 approval or disapproval of the amendment. Any money received as a  
2 deposit in excess of the costs incurred in the review and approval or  
3 disapproval of the amendment shall be refunded and an itemized accounting  
4 shall be provided to the primary owner or the primary owner's designee.

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

6 **Reference:** Section 19984, Business and Professions Code

7  
8 **Section 12200.10C** **Submission of Contract or Amendment to**  
9 **Commission**

10 (a) As soon as is practicable after determining that any application for  
11 approval of a proposition player contract or amendment is complete  
12 and that the contract or amendment appears to qualify for approval,  
13 but in no event less than 75 days from receipt of the application  
14 package, the Division shall submit the contract or amendment to the  
15 Commission for review and comment. The Commission shall provide  
16 the Division with comments, if any, within 15 days of receipt of the  
17 contract or amendment This paragraph does not apply to expedited  
18 approval under Section 12200.10A.

19 (b) A copy of the Division's notice of approval or disapproval of a  
20 proposition player contract or amendment thereto shall be sent to the  
21 Commission.

1 **Section 12200.10D Superseding of Contract Provisions**

2 ~~(e)~~ All proposition player contracts shall be subject to, and superseded by, any  
3 changes in the requirements of regulations adopted under Business and  
4 Professions Code section 19984 that conflict with or supplement provisions  
5 of the proposition player contract.

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Section 19984, Business and Professions Code

8 **Section 12200.11 Extension of Proposition Player Contract**  
9 **Extensions**

10 (a) An application for approval of a ~~proposal~~ contract to ~~extend or renew a~~  
11 continue proposition player services contract shall include all of the  
12 following:

13 (1) A completed Application for Contract Approval to Provider of  
14 Proposition Player Services (DGC-APP.030, rev. 05/04 08/04), which  
15 is hereby incorporated by reference.

16 (2) A \$500 application fee.

17 (3) An executed copy of the contract.

18 (4) A deposit in such amount as, in the judgment of the Director of the  
19 Division, will be sufficient to pay the anticipated processing costs.  
20 The Division may require an additional sum to be deposited to pay the  
21 final costs of the review and approval or disapproval of the contract.

1           Any money received as a deposit in excess of the costs incurred in the  
2           review and approval or disapproval of the contract will be refunded  
3           and an itemized accounting will be provided to the primary owner, or  
4           primary owner's designee.

5   (b)   The application shall be submitted to the Division no later than 90 days prior  
6       to the date that the current contract is scheduled to expire.

7   (c)   As soon as is practicable after determining that any application for approval  
8       of a proposition player contract extension is complete and that the contract  
9       extension appears to qualify for approval, but in no event less than 75 days  
10      from receipt of the application, the Division shall submit the contract  
11      extension to the Commission for review and comment. The Commission  
12      shall provide the Division with comments, if any, within 15 days of receipt  
13      of the contract extension.

14   ~~(d)   A deposit in such amount as, in the judgment of the Director of the Division,~~  
15      ~~will be sufficient to pay the anticipated processing costs. The Division may~~  
16      ~~require an additional sum to be deposited to pay the final costs of the review~~  
17      ~~and approval or disapproval of the contract. Any money received as a~~  
18      ~~deposit in excess of the costs incurred in the review and approval or~~  
19      ~~disapproval of the contract will be refunded and an itemized accounting will~~  
20      ~~be provided to the primary owner, or primary owner's designee.~~

21   **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

22   **Reference:** Section 19984, Business and Professions Code

1 **Section 12200.13      Playing Books**

2 (a) The primary owner shall be responsible for assuring that its players maintain  
3 accurate, complete, and up-to-date playing books for all sessions of play  
4 worked in conformity with regulations of the Commission. The information  
5 in the playing-book record shall be transferred to the primary owner, or a  
6 supervisor designated by the primary owner at the end of each session of  
7 play. The primary owner shall maintain this information in English at a  
8 single location in the State of California, and shall maintain the original  
9 playing book records in the State of California, for at least five years. The  
10 location or locations where the records of this information and the original  
11 playing book records are maintained, and any change therein, shall be  
12 disclosed to the Commission and Division by written notice mailed or  
13 delivered within five business days after establishing or changing such a  
14 location.

15 (b) Playing books shall be prepared and maintained as follows:

16 (1) Playing book forms shall be reviewed and approved or disapproved  
17 during the review of the contract by the Division.

18 (2) Each form in the playing book shall be recorded in ink and include,  
19 but not be limited to, the following information:

20 (A) Sequential numbers. Any unused form shall be voided and  
21 maintained in the playing book.

22 (B) ~~Specify the name~~ The name of the gambling establishment  
23 where play occurred.

1           (C)   The date and approximate time when play occurred.

2           (D)   Beginning and ending balances.

3           (E)   Individual identification of ~~All~~ all fills and credits affecting the  
4               balance ~~shall be individually identified.~~

5           (F)   The printed full name and badge number of the proposition  
6               player, which includes owners, supervisors, and/or players.

7           (G)   The table number assigned by the gambling establishment.

8           (H)   The specific name of the Division-approved gaming activity.

9           (I)   The name of the primary owner.

10          (3)   The form for each session of play shall be time-stamped, dated, and  
11               signed under penalty of perjury by the person who prepared it and  
12               shall include a declaration in the following form: "I declare under  
13               penalty of perjury under the laws of the State of California that the  
14               foregoing is true and correct."

15    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16    **Reference:** Section 19984, Business and Professions Code

17  
18    **Section 12200.14.     Organization Chart and Employee Report**

19    (a)   No later than September 1, 2004, each registered primary owner shall submit  
20       a current organization chart and a listing of all employees by name and title  
21       to the Division and the Commission. The listing of employees shall be

1 submitted on the form Third Party Proposition Player Services Employee  
2 Report (CGCC-440, New 06/04), which is hereby incorporated by reference.

3 (b) Upon renewal of the registration or license and every six months thereafter,  
4 each registered or licensed primary owner shall submit an updated  
5 organization chart and a listing of all employees by name and title to the  
6 Division and the Commission.

7 (c) The primary owner shall notify the Division and the Commission in writing  
8 within ten days of any change to the organization chart.

9 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

10 **Reference:** Section 19984, Business and Professions Code

## 11 **Section 12200.15 Transfers and Sales**

12 (a) No individual who is an owner shall in any manner transfer any interest in  
13 the proposition player services operation to any person, firm, or corporation  
14 or business entity ~~not then an owner of an interest therein, and such a~~  
15 ~~transfer shall not become effective for any purpose,~~ until the proposed  
16 transferee or transferees have made application for and obtained registration  
17 or licensing as an owner from the Commission. Applications for a transfer  
18 of the interest shall be made by the transferee applying for registration or  
19 licensing under this regulation. Evidence of the transferor's agreement to  
20 transfer the interest shall accompany the application for registration or  
21 licensing.

22 (b) The proposed articles of incorporation, if applicable, and the sales and  
23 transfer agreement shall be submitted to the Commission for approval prior  
24 to submission of application.

(c) The effective date of the sale shall be at least 90 days after receipt of the application, or such other shorter time period as shall be set by the Executive Director with the agreement of the applicant.

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

## **Section 12200.16.     Inspections and Investigations**

(a) When requested by a representative of the ~~Commission or~~ Division, a registrant or licensee shall immediately permit the ~~Commission or~~ Division representative, in accordance with the request, to inspect, copy, or audit all requested documents, papers, books, and other records of the registrant or licensee related to the provision of proposition player services. If the records are maintained in electronic form and the registrant or licensee is requested to do so, the registrant or licensee shall provide a printed copy in English pursuant to this section within 24 hours of the request.

(b) If requested in writing by the Executive Director, the Division shall conduct an inspection or investigation of a registrant or a licensee. Within 30 days of receipt of the request, the Division shall advise the Executive Director in writing of the status of the inspection or investigation and shall also provide an estimated date on which the inspection or investigation may reasonably be expected to be concluded. Upon completion of the inspection or investigation, the Division shall provide a final written report to the Executive Director.

1 (c) Nothing in this chapter precludes Commission staff from carrying out their  
2 duties under applicable statutes and regulations.

3 (d) All records required by this chapter shall be maintained in English, in  
4 California.

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

6 **Reference:** Section 19984, Business and Professions Code

## 8 **Section 12200.17 Emergency Orders**

9 Registrants and licensees under this chapter shall be subject to emergency orders  
10 under Business and Professions Code section 19931.

11 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

12 **Reference:** Sections 19984 and 19931, Business and Professions Code

## 13 **Section 12200.18 Revocation**

14 The Commission may revoke a ~~license or~~ registration ~~or license~~, upon any of the  
15 following grounds, after a hearing conducted pursuant to the same procedures  
16 applicable to the revocation of a gambling establishment license:

17 (a) The ~~licensee or~~ registrant ~~or licensee~~ committed, attempted to commit, or  
18 conspired to commit any acts prohibited by the Gambling Control Act or this  
19 chapter.



1 (b) Any act or omission by the registrant that would disqualify the registrant  
2 from obtaining registration under this chapter. Any act or omission by the  
3 licensee that would disqualify the licensee from obtaining licensing under  
4 this chapter.

5 (c) The ~~licensee or~~ registrant or licensee engaged in any dishonest, fraudulent,  
6 or unfairly deceptive activities in connection with controlled gambling,  
7 including any violation of laws related to cheating.

8 (d) The ~~licensee or~~ registrant or licensee failed or refused to comply with the  
9 requirements of Section 12200.16 (Inspections and Investigations).

10 (e) The registrant or licensee failed or refused to comply with the requirements  
11 of Section 12200.14 (Organization Chart and Employee Report).

12 (f) The ~~licensee or~~ registrant or licensee concealed or refused to disclose any  
13 material fact in any inquiry by the Division or the Commission.

14 ~~(f)~~ (g) The ~~licensee or~~ registrant or licensee committed, attempted, or conspired to  
15 commit any embezzlement or larceny against a gambling licensee or  
16 proposition player registrant or upon the premises of a gambling  
17 establishment.

18 ~~(g)~~ (h) The ~~licensee or~~ registrant or licensee has been lawfully excluded from  
19 being present upon the premises of any licensed gambling establishment for  
20 any reason relating to cheating or any violation of the Gambling Control Act  
21 by the registrant.

1 ~~(h)~~(i) The registrant or licensee buys or sells chips outside the cage, except for  
2 exchanging with a patron chips of one denomination for chips of another  
3 denomination.

4 ~~(i)~~(j) The registrant or licensee lends money or chips to gambling establishment  
5 patrons, except for exchanging with a patron chips of one denomination for  
6 chips of another denomination.

7 ~~(j)~~(k) The registrant or licensee made wagers that were not specifically authorized  
8 by the game rules approved by the Division.”

9 ~~(k)~~ (l) The primary owner or any other owner knowingly permitted one or  
10 more of the owner’s supervisors or players to commit any act described in  
11 subsections (a) to ~~(j)~~(k) , inclusive.

12 ~~(l)~~ (m) The primary owner or any other owner knew, or failed to implement  
13 reasonable oversight procedures that would have apprised the owner, that  
14 one or more of the registrants or licensees was in violation of one or more  
15 provisions of this chapter or of the Gambling Control Act and failed or  
16 refused to take action to prevent the recurrence of the violation or violations.

17 (n) The registrant or licensee provided proposition player services to a gambling  
18 establishment without a Division-approved contract.

19 **Authority:** Sections 19840, 19941, and 19984, Business and Professions Code

20 **Reference:** Section 19984, Business and Professions Code

21  
22 ~~**Section 12200.19**~~ ~~**Special Authorizations and Limitations**~~

1 ~~(a) The holder of a supervisor's registration or license may also perform the~~  
2 ~~functions of a player.~~

3 ~~(b) Only authorized players may possess, direct, or otherwise control currency,~~  
4 ~~chips, or other wagering instruments used for play in the performance of a~~  
5 ~~proposition player contract.~~

6  
7 **Section 12200.20      ~~Non-refundable~~ Annual Fee**

8 (a) No later than September 1 of each year, beginning September 1, 2004, each  
9 registered or licensed primary owner shall submit to the Commission the  
10 ~~non-refundable~~ annual fee set forth in subsection ~~(b)~~ (c) of this section,  
11 based on the total number of registrations or licenses affiliated with ~~that~~ the  
12 primary owner on the ~~effective date of this regulation~~ immediately preceding  
13 August 15. The payment due September 1, 2004 shall be based on the total  
14 number of registrations affiliated with the primary owner on August 15,  
15 2004.

16 (b) Within 30 days of approval of any request to convert a registration to a  
17 ~~initial~~ license application, the Commission shall notify the licensee of any  
18 additional fees owed for the term of the license granted, allowing pro rata  
19 credit on a monthly basis for any annual fee paid in connection with a  
20 registration that has not expired.

21 (c) The annual fee shall be computed based on the following chart reflecting the  
22 total number of registrants or licensees affiliated with a particular primary  
23 owner on the date of assessment:

<u>Category</u>	<u>Number of Registrants</u>	<u>Fee Per Registrant</u>
	<u>or Licensees</u>	<u>or Licensee</u>

1	A	1—5	\$2800
2			
3	B	6--35	\$3050
4			
5	C	36--175	\$3300
6			
7	D	176—400	\$3550
8			
9	E	401--900	\$3800
10			
11	F	901--1200	\$4050
12			
13	G	1200 or more	\$4300

15 (d) (1) Upon advance written approval by the Executive Director, installment  
16 payments submitted prior to licensure shall be permitted as follows: one-  
17 third of the annual fee to be submitted no later than September 1, 2004, one-  
18 third no later than December 1, 2004, and the balance no later than March 1,  
19 2005.

20 (2) Upon advance written approval by the Executive Director, installment  
21 payments submitted after conversion to licensure shall be permitted as  
22 follows: one-third of the annual fee to be submitted prior to issuance  
23 of the license, one-third to be submitted three months thereafter, and  
24 one-third to be submitted six months thereafter.

1 (e) Refunds shall not be available in the event of a subsequent decrease in the  
2 number of registrants or licensees upon which the annual fee payment was  
3 based.

4 (f) Following assessment of the annual fee, if the primary owner increases the  
5 number of its registrants or licensees above the number upon which the  
6 annual fee assessment was based, the primary owner shall submit to the  
7 Commission not only the required application fee for the additional  
8 registrants or licensees, but also the additional per player fee set forth in  
9 subsection (b) (c) of this section. No new badges shall issued until the  
10 additional per player fee has been received by the Commission.

11 (g) No renewal application shall be accepted by the Commission until any  
12 delinquent annual fees have been paid in full.

13 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

14 **Reference:** Section 19984, Business and Professions Code

## 15 **Section 12200.21 Compliance**

16 (a) Registrants and licensees shall comply with game rules approved by the  
17 Division, including but not limited to, the rules regarding player-dealer  
18 rotation and table wagering. A proposition player contract may, concerning  
19 any table assigned for play by the contracted registrant or licensee, contain a  
20 provision precluding players of any other registrant or licensee under this  
21 chapter or chapter 2.2 of this title from playing at that table during the  
22 periods of play assigned by the proposition player contract for the contracted  
23 registrant or licensee. The house is not precluded from assigning a seat at  
24 the table to a registrant or licensee.

1 (b) Only an authorized player may possess, direct, or otherwise control  
2 currency, chips, or other wagering instruments used for play in the  
3 performance of a proposition player contract.

4 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

5 **Reference:** Section 19984, Business and Professions Code

## 6

## 7 **Article 2. Interim Registration**

### 8 **Section 12200.25 Transition to Licensing**

9 ~~(a) No person may provide proposition player services as an owner, supervisor,~~  
10 ~~or player or obtain a badge as required by Section 12200.3 without a current~~  
11 ~~valid license issued by the Commission, except that entities and individuals~~  
12 ~~registered as owners, supervisors, or players may continue to provide those~~  
13 ~~proposition player services under a valid registration, including a renewed~~  
14 ~~registration, until the Commission grants or denies licensing.~~

15

16 ~~(b)~~ The Division shall summon persons registered as primary owners, owners,  
17 supervisors, players, and other employees for the purpose of applying for  
18 licenses under this chapter. The Division shall summon registrants in a way  
19 ~~that will provide for the orderly licensing of~~ primary owners, owners,  
20 supervisors, players, and other employees as expeditiously as possible in  
21 light of available program resources. The registration of any registrant that  
22 fails or refuses to submit a supplemental license application package

Request for Conversion of a Third Party Proposition Player Services  
Registration to a License (CGCC-437, new 06/04)(see section 12218(c))  
including any fees to the Commission within 30 days of receiving a  
summons from the Division shall expire by operation of law on the  
following day. Prior to and during review of a request to convert a  
registration to a license application, a registration shall remain valid and may  
be renewed by the registrant as necessary, upon application and approval of  
renewal of registration as provided in Section 12203.5 12203.

~~(e)~~ (b) If the registration expires by operation of law, the former registrant shall  
submit a new application request to convert a registration to a license and a  
new nonrefundable application fee.

~~(d)~~ (c) The transition from registration to licensing for applications approved prior  
to April 30, 2004, shall be completed no later than January 30 July 1, 2007.

~~(e)~~ (d) The license application process, since it is the second phase of the  
interim registration licensing program, shall not require payment of an  
additional application fee. A request to convert a registration to a license  
shall require only payment of a sum of money that, in the judgment of the  
Director of the Division, will be adequate to pay the anticipated  
investigation and processing costs, in accordance with Business and  
Professions Code sections 19867 and 19984(c).

~~(f)~~ (e) If an application for licensing as a primary owner, owner, supervisor, or  
player is granted a license is issued, a license may be issued to the applicant,  
it will to expire as provided in Section 12218.19 12218.13 (Term of  
License).

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

### **15-day Change to Proposed *Permanent* Proposition Player Regulation**

Wednesday, August 25, 2004, page 47

## Section 12201. Registration

(a) On and after March 31, 2004, no person may provide proposition player services or obtain a badge as required by Section 12200.3 without a current valid registration issued by the Commission.

(b) ~~Except as provided in subsection (e), registration~~ Registration shall be issued for a period of one year to owners and supervisors, and for a period of two years to players and other employees.

(c) ~~For owners, supervisors, and players, requirements for registration under this regulation Article will be superseded by licensing requirements upon the effective date of implementing regulations of the Commission to be adopted in the future following the schedule and procedures prescribed Section 12200.25 and in Article 3 of this Chapter.~~ Registration under this chapter Article or its predecessor shall not create any vested right to licensing under those implementing regulations Article 3 of this Chapter or any successor provision.

(d) If a primary owner is a corporation, partnership, or other business entity, each owner, ~~supervisor,~~ and individual having a relationship to that entity specified in Business and Professions Code section 19852, subdivisions (a) to (h), inclusive, shall individually apply for and obtain registration as an owner listed on the business entity's registration certificate. No business entity or sole proprietor shall be registered under this chapter that is also



1 licensed under the Gambling Control Act to operate a gambling  
2 establishment.<sup>1</sup>

3 (e) If the application is for registration as a supervisor or player, the primary  
4 owner that will employ the applicant shall be currently registered under this  
5 chapter.

6 (f) A registration certificate shall be issued to each primary owner and shall  
7 include an expiration date. All owners other than the primary owner, ~~all~~  
8 ~~supervisors, and all persons required to be registered pursuant to subsection~~  
9 ~~(d) of this section shall not receive a separate registration certificate, but the~~  
10 ~~registration of every such person~~ shall be endorsed on the registration  
11 certificate that is issued to the primary owner.

12 (g) Registration is non-transferable.

13 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

14 **Reference:** Sections 19984 and 19951(a), Business and Professions Code

## 15 **Section 12202. Application for Registration**

16 (a) The application for registration shall designate whether the registration is  
17 requested as a primary owner, other owner, supervisor, player, or other  
18 employee. The application shall be signed by both the individual applicant  
19 and the designated agent, or, if the applicant is a business entity, by the chief  
20 executive officer or other designated officer of the business entity.

21 (b) An application for registration shall include all of the following:

---

<sup>1</sup> In the original text, three alternatives were presented for subsection (d). Alternative (1) is shown here.

(1) Payment of a nonrefundable application fee in the amount of five hundred dollars (\$500).

(2) A completed Application for Third Party Proposition Player Services Registration (CGCC-~~035~~ 435, rev. ~~02/04~~ 06/04), which is hereby incorporated by reference.

(3) A properly completed Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01) for an applicant that is an individual, confirming that the applicant's fingerprints have been submitted to the Bureau for an automated background check and response.

(4) Two (2) two-by-two inch color passport-style photographs of an applicant that is an individual taken no more than one year before submission of the application to the Commission.

(c) An applicant that is an individual shall complete and submit ~~such supplemental information as may be required by the Commission~~ form Third Party Proposition Player Services Registration Supplemental Information (~~CGCC-036, rev. 02/04~~) (CGCC-436, Rev. 06/04), which is hereby incorporated by reference, ~~or by the Division as necessary for completion of its review as provided in this chapter.~~

(d) An applicant for registration or for any approval required by this chapter shall make full and true disclosure of all information to the Commission and Division as required for the application and as requested by the Commission or Division to carry out the policies of this state relating to controlled gambling.

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Sections 19984 and 19951(a), Business and Professions Code

3 **Section 12203. Processing of Applications for Initial and Renewal**  
4 **Registration**

5 (a) The Executive Director shall notify the applicant in writing within ~~20~~ 10  
6 days of receiving the application, that the application or resubmitted  
7 application is complete and accepted for filing, or that the application or  
8 resubmitted application is deficient. If an application for registration is  
9 incomplete, the Executive Director shall request in writing any information  
10 needed in order to complete the application. The applicant shall be  
11 permitted ~~at least 60 but no more than 90~~ days in which to furnish the  
12 information. If the applicant fails to respond to the request, the application  
13 shall be deemed abandoned and no further action will be taken on it.

14 (b) Upon determination that an application for registration is complete, the  
15 application shall be processed within ~~60~~ 30 days and the Executive Director  
16 shall either issue the registration and badge applied for or shall notify the  
17 applicant of denial and the grounds therefor under Section 12204. ~~However,~~  
18 ~~this time may be extended by the Executive Director for no more than 30~~  
19 ~~additional days if necessary to obtain information required to determine~~  
20 ~~eligibility. The Executive Director shall promptly notify the applicant in~~  
21 ~~writing of any such delay, including the length of the extension.~~

1 (c) If the applicant submits a request for withdrawal of his or her application to  
2 the Commission, the application shall be deemed abandoned and no further  
3 action will be taken on it.

4 (d) The Commission shall provide written notice of abandonment of an  
5 application to the applicant ~~and the Division~~. If the application is for  
6 registration as a supervisor, player, or other employee, the Commission shall  
7 also provide written notice of abandonment of the application to the primary  
8 owner.

9 (e) Nothing in this chapter shall require the Commission or Division to divulge  
10 to the applicant any confidential information received from any law  
11 enforcement agency or any information received from any person with  
12 assurances that the information would be maintained as confidential, ~~and~~  
13 ~~nothing~~ Nothing in this chapter shall require the Commission or Division to  
14 divulge any information that might reveal the identity of any source of  
15 information or jeopardize the safety of any person.

16 (f) Renewal applications for owners shall be received no later than 120 days  
17 prior to the expiration of the current registration, together with all required  
18 fees. If an application is received after this 120-day deadline, an "expedited  
19 processing fee" of \$60 shall be submitted with the application. If an  
20 expedited processing fee is due but has not been received, the application  
21 shall be deemed incomplete a registration renewal shall not be issued.

22 (g) Renewal applications for supervisors, players, and other employees shall be  
23 received no later than 90 days prior to the expiration of the current  
24 registration, together with the required \$500 application fee. If an

1 application is received after this 90-day deadline, an expedited processing  
2 fee of \$60 shall be submitted with the application. If an expedited  
3 processing fee is due but has not been received, a registration renewal shall  
4 not be issued.

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

6 **Reference:** Section 19984, Business and Professions Code.

7 **Section 12203.1. Temporary Player Registration.**

8 (a) While an application for regular player registration is being processed, and  
9 subject to section 12203.2, the Executive Director may issue a temporary  
10 registration pursuant to this section, which shall be valid for no more than 60  
11 days. The duration of the temporary work permit shall not substantially  
12 exceed the estimated time to process and consider the registration  
13 application, but may be extended if necessary; provided that in no event  
14 shall a temporary registration be valid for more than 120 days. In  
15 determining the duration of the temporary work permit, the Executive  
16 Director shall consider relevant factors, including, without limitation, the  
17 period of time required to complete an ongoing criminal investigation and  
18 any case-specific concerns that may be present.

19  
20 (b) Upon issuance of a regular registration, the registration previously issued to  
21 the registrant shall become void and shall not be used thereafter.

22  
23 (c) In the event that the regular registration is issued prior to Commission action  
24 on the application for the temporary registration, the application for the  
25 temporary work permit shall be deemed withdrawn and no further action

1 will be taken on it.

2 (d) The Executive Director may request in writing from the applicant any  
3 additional information needed to establish whether or not the applicant is  
4 qualified to receive a temporary registration. The Executive Director shall  
5 allow the applicant no less than 20 days in which to furnish the information.  
6 If the applicant fails to respond to the request, the temporary registration  
7 application shall be deemed abandoned and no further action will be taken  
8 on it.

9  
10 (e) If an application for a regular registration is withdrawn, the application for a  
11 temporary registration shall be deemed abandoned and no further action will  
12 be taken on it by the Commission.

13  
14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Section 19984, Business and Professions Code

16  
17 **Section 12203.2      ~~Application for Temporary Player~~**

18 **Registration: Application; Criteria**

19 The Executive Director shall, within 15 days of receiving a complete application,  
20 issue a temporary player registration valid for ~~120~~ 60 days if all of the following  
21 requirements are met:

22 (a) The applicant has applied for a temporary player registration by completing  
23 the Commission's registration application form, requesting issuance of a  
24 temporary registration by checking the appropriate box on the application

1 form, and submitting with the application a nonrefundable \$25.00 temporary  
2 registration fee, in addition to the regular registration fee of \$500.

3 (b) The applicant has supplied all of the following to the Commission:

4 (1) The applicant's name, mailing address, residence street address (if  
5 different than mailing address), telephone number, e-mail address  
6 (optional), and date of birth.

7 (2) A two by two inch color passport-style photograph taken no more  
8 than ~~30 days~~ one year before submission to the Commission of the  
9 registration application, which shall be in addition to the photograph  
10 submitted for the regular registration.

11 (3) Information concerning the primary owner with which the position is  
12 available: the name of the primary owner, mailing address, voice  
13 telephone number, facsimile number (if any), e-mail address (if any),  
14 and the job title of the position, ~~and the name of the owner or~~  
15 ~~authorized agent.~~

16 (4) A Request for Live Scan Service (California Department of Justice  
17 Form BCII 8016, rev. 4/01<sup>7</sup>), confirming that the applicant has  
18 submitted his or her fingerprints to the Bureau for an automated  
19 background check and response.

20 (c) Neither the application in its entirety nor the results of the ~~investigation of~~  
21 ~~the applicant reported by the Division to the Commission~~ review of the  
22 applicant's criminal history up until the date of issuance of the temporary  
23 registration discloses any of the following:

24 (1) The applicant has been convicted of any felony.

25 (2) The applicant has, within the 10-year period immediately

1 preceding the submission of the application, been convicted of any of  
2 the following offenses, not including convictions which have been  
3 expunged or dismissed as provided by law:

4 (A) A misdemeanor involving a firearm or other deadly weapon.

5 (B) A misdemeanor involving gaming or gaming related activities  
6 prohibited by Chapter 9 (commencing with section 319) and  
7 Chapter 10 (commencing with section 330) of Title 9 of Part 1  
8 of the Penal Code.

9 (C) A misdemeanor involving a violation of an ordinance of any  
10 city, county, or city and county, which pertains to gambling or  
11 gambling-related activities.

12 (D) A misdemeanor involving violations of the Gambling Control  
13 Act.

14 (E) A misdemeanor involving dishonesty or moral turpitude.

15 (3) The applicant has had an application for a gambling license, work  
16 permit, ~~or~~ proposition player registration, proposition player license,  
17 gambling business registration, or gambling business license denied.

18 (4) The applicant has had a gambling license, work permit, proposition  
19 player registration, proposition player license, gambling business  
20 registration, or gambling business license revoked, or proposition  
21 player registration denied.

22 (5) The applicant is disqualified under the Gambling Control Act or other  
23 provisions of law from holding a temporary registration.

24 (d) ~~The Division has reported one of the following to the Commission~~  
25 ~~concerning the Request for Live Scan Service submitted to the Bureau The~~



1 review of the applicant's criminal history has resulted in one of the  
2 following:

3 (1) A response has been received from the Bureau or Federal authorities  
4 that is consistent with a finding that the applicant has not sustained  
5 any disqualifying criminal convictions, or,

6 (2) No response from the Bureau or Federal authorities has been received  
7 within the time period set forth in ~~subdivision~~ subsection (b) of  
8 section ~~12126~~ 12203.2.

9 (e) The application and other information obtained during the review  
10 does not disclose any factor indicating that approval of the temporary  
11 registration may in the judgment of the Executive Director  
12 present a danger to the public or to the reputation of controlled  
13 gambling or proposition playing in this state.

14 (f) The applicant is not ineligible under Business and Professions Code  
15 section 19859, subdivisions (b), (e), (f), or (g), the terms of which are  
16 incorporated by reference and hereby expressly made applicable to  
17 applications for temporary ~~work permits~~ player registrations.

18  
19 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

20  
21 **Reference:** Section 19984, Business and Professions Code.

22  
23 **Section 12203.3 Processing Times for Temporary Player**  
24 **Registration**

1       (a) Applications for issuance of a temporary player registration by the  
2       Executive Secretary shall be processed within the following time  
3       frames:

4       (1) The maximum time within which the Commission shall notify the  
5       applicant in writing that an application or a resubmitted application is  
6       complete and accepted for filing, or that an application or a  
7       resubmitted application is deficient and identifying what specific  
8       additional information is required, is five working days.

9       (2) A temporary registration shall be either granted or denied within no  
10      more than 15 working days after the filing of a completed application.

11    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

12    **Reference:** Section 19984, Business and Professions Code.

13  
14    **Section 12203.4. Effect of Denial or Cancellation of Temporary**  
15    **Registration**

16  
17    Denial of an application for a temporary registration or cancellation of a temporary  
18    registration shall not suspend the processing and review of the related application  
19    for a regular registration.

20    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

21    **Reference:** Section 19984, Business and Professions Code

22  
23    **Section 12203.5 Cancellation of Temporary Registration**  
24

1 (a) Any temporary registration issued in accordance with this article shall be  
2 subject to summary cancellation pursuant to subsections (b) and (c) of this  
3 section.

4 (b) A temporary work permit shall be cancelled by the Executive Director at any  
5 time if any of the following applies:

6 (1) The Commission determines that it has received reliable information  
7 that the holder of the temporary registration is ineligible under  
8 subsection (c) of section 12203.2, has failed to reveal any fact  
9 material to the holder's qualification for temporary registration, or has  
10 supplied information to the Commission that is untrue or misleading  
11 as to a material fact pertaining to the criteria for issuance of temporary  
12 registrations.

13 (2) The applicant's regular registration application is referred by a vote of  
14 the Commission for an evidentiary hearing pursuant Business and  
15 Professions Code section 19825, and the Commission directs the  
16 Executive Director to cancel the temporary registration.

17 (3) The Executive Director receives from the applicant a request to  
18 withdraw his or her application for regular work permit.

19 (c) If any of the circumstances set forth in subsection (b) applies, then the  
20 Executive Director shall immediately do all of the following:

21 (1) Notify the temporary registration holder, the primary owner, the local law  
22 enforcement agency, and the Division in writing of the cancellation of the  
23 temporary registration and the grounds for cancellation.

24  
25 (2) Require the primary owner employing the registrant to terminate  
26 immediately any employment of the holder of the cancelled temporary  
27 registration covered by the cancelled temporary registration.

1       (3) Notify the temporary registrant that he or she is required to surrender  
2               the temporary registration badge to the Commission not more than ten  
3               days following the date that the notice of cancellation was mailed or  
4               such greater time as is authorized by the Executive Director.

5  
6       **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7       **Reference:** Section 19984, Business and Professions Code

8       **Section 12204. Ineligibility for Registration**

9       An applicant shall be ineligible for registration for any of the following causes:

10       (a)   Except for an individual seeking registration as “other employee,” an  
11           individual applicant is under the age of 21.

12       (b)   The applicant has been convicted of any felony, including a conviction in a  
13           court of the United States or any other state of an offense that is classified as  
14           a felony by the laws of this state.

15       ~~(b)~~(c) The applicant has, within the ten year period immediately preceding the  
16           submission of the application, been convicted of a misdemeanor involving a  
17           firearm or other deadly weapon, gaming or gaming-related activities  
18           prohibited by Chapter 9 (commencing with Section 319) or Chapter 10  
19           (commencing with section 330) of Title 9 of Part 1 of the Penal Code,  
20           violations of the Gambling Control Act, or dishonesty or moral turpitude,  
21           not including convictions which have been expunged or dismissed as  
22           provided by law.

1 ~~(e)~~(d) If the application is for registration as an owner, supervisor, or player, the  
2 applicant has been subject to a final administrative or judicial adjudication  
3 revoking a registration under this chapter or a state gambling license, key  
4 employee license, work permit or finding of suitability or has had an  
5 application denied under this chapter or the Gambling Control Act.

6 ~~(d)~~(e) The applicant would be ineligible for a state gambling license under any of  
7 the criteria set forth in Business and Professions Code section 19859,  
8 subdivisions (b), (e), or (f), ~~or (g)~~, the terms of which are incorporated by  
9 reference and hereby expressly made applicable to applications for  
10 registration under this chapter.

11 ~~(e)~~(f) The applicant would be ineligible for a state gambling license under  
12 Business and Professions Code section 19858, the terms of which are  
13 incorporated by reference and hereby expressly made applicable to  
14 applications for registration under this chapter.

15 ~~(f)~~(g) The applicant has violated one or more of the prohibitions set forth in  
16 Subsection 12200.7(b)(5), ~~(10)~~ (11), or (20) or Subsection 12200.7(c)(c)(1)  
17 and (3).

18 ~~(g)~~(h) The applicant has failed to comply with one or more of the requirements set  
19 forth in Subsection 12200.7(b)(8), (9), (15), (16), ~~or (17)~~, (18), (21), or in  
20 Subsections 12200.7(c)(2) or (e).

21 ~~(h)~~ ~~The applicant has failed to act in accordance with the requirements of~~  
22 ~~Subsection 12200.7(e).~~

23 (i) The applicant is ineligible based on any other provision of law.

1    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2    **Reference:** Section 19984, Business and Professions Code

3    **12205. Cancellation of Registration**

4    (a)   Any registration issued in accordance with this chapter shall be subject to  
5           cancellation pursuant to this section. A registration shall be cancelled if the  
6           Commission determines upon a noticed hearing that the registrant is  
7           ineligible for registration, has failed in the application for registration to  
8           reveal any fact material to the holder's qualification for registration, or has  
9           supplied information in the registration application that is untrue or  
10          misleading as to a material fact pertaining to the criteria for issuance of  
11          registration.

12   (b)   If the Commission finds that any of the circumstances set forth in subsection  
13          (a) apply, then the Executive Director shall immediately do all of the  
14          following:

15          (1)   Provide written notice to the registrant and the Division of the  
16                  cancellation of the registration and the grounds thereof, and provide  
17                  written notice of the cancellation to the owner, if the registrant is a  
18                  supervisor, player, or other employee and to any gambling  
19                  establishment in which the registrant provides proposition player  
20                  services.

21          (2)   Notify the registrant that he or she is required to surrender the  
22                  registrant's badge to the Commission not more than ten days

1 following the date that the notice of the cancellation was mailed or  
2 such greater time as is authorized by the Executive Director.

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

4 **Reference:** Section 19984, Business and Professions Code

## 5 **Section 12206. Badge**

6 ~~All individuals registered as owners, supervisors, players, and all other employees~~  
7 ~~of the owner shall wear in a prominently visible location a numbered badge issued~~  
8 ~~by the Commission when present in a gambling establishment during the provision~~  
9 ~~of proposition player services under the proposition player contract that covers the~~  
10 ~~registrant. The words “TPP PLAYER REGISTRANT” in capital letters shall be~~  
11 ~~prominently displayed on the badge above the registrant’s category of registration~~  
12 ~~as an owner, supervisor, player or other employee. Below that portion of the badge~~  
13 ~~there shall be displayed the picture of the registrant submitted with the application~~  
14 ~~and the badge number, registrant’s first name, and expiration date. The registrant’s~~  
15 ~~full name shall be printed on the reverse side of the badge.~~

16 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

17 **Reference:** Section 19984, Business and Professions Code

## 18 **Section 12207. Proposition Player Contract Criteria**

19 (a) ~~All proposition player contracts shall be subject to, and superseded by, any~~  
20 ~~changes in the requirements of regulations adopted under Business and~~  
21 ~~Professions Code section 19984 that conflict with or supplement provisions~~  
22 ~~of the proposition player contract.~~

- (b) ~~Each proposition player contract shall specifically require all of the following to be separately set forth at the beginning of the contract:~~
- ~~(1) The names of the parties to the contract.~~
  - ~~(2) The effective dates of the contract.~~
  - ~~(3) The specific name of the Division approved gaming activities for which proposition player services will be provided.~~
  - ~~(4) The maximum and minimum number of gaming tables available to the proposition player provider service.~~
  - ~~(5) That no more than one owner, supervisor, or player from each provider of proposition player service shall simultaneously play at a table.~~
  - ~~(6) The hours of operation that proposition player services will be provided.~~
  - ~~(7) A detailed description of the location, applicable security measures, and purpose of any currency, chips, or other wagering instruments that will be stored, maintained, or kept within the gambling establishment by or on behalf of the primary owner.~~
  - ~~(8) That proposition player services shall be provided in the gambling establishment only in compliance with laws and regulations pertaining to controlled gambling.~~
  - ~~(9) That proposition player services may be provided only by owners, supervisors, and players with current registration under this chapter.~~
  - ~~(10) That a registrant may not provide proposition player services in a gambling establishment for which the registrant holds a state gambling license, key employee license, or work permit.~~
  - ~~(11) That collection fees charged by the house for participation in any controlled game shall be the same as those charged to other participants during the play of the game.~~
  - ~~(12) The form to be used for the playing book record and the initial number that will be used for the sequentially numbered forms.~~



- 1       ~~(13) — Any agreement between the primary owner and the house for~~  
2       ~~owners or supervisors to inspect or receive a copy of~~  
3       ~~surveillance recordings of tables at which proposition player~~  
4       ~~services are provided under the contract during the times the~~  
5       ~~services are provided, as necessary for business purposes.~~
- 6       ~~(14) — A full disclosure of any financial arrangements entered into~~  
7       ~~during the term of the contract for any purpose between the~~  
8       ~~house and any registrant covered by the proposition player~~  
9       ~~contract. If there is no financial consideration that passes under~~  
10      ~~the contract, a statement to that effect shall be included.~~
- 11      ~~(15) — That any legal dispute between the owner and the house,~~  
12      ~~including any exclusion of a registered owner, player, or~~  
13      ~~supervisor covered by the contract from the house shall be~~  
14      ~~within 10 days reported by the primary owner and the house to~~  
15      ~~the Commission and Division.~~
- 16      ~~(16) — That the primary owner and the house shall within 10 days~~  
17      ~~report to the Commission and Division the identity of any~~  
18      ~~registrant whose activities are covered by the proposition player~~  
19      ~~contract and who is arrested in the gambling establishment by a~~  
20      ~~peace officer, who is removed from the gambling establishment~~  
21      ~~by a peace officer or the house, or who is involved in a patron~~  
22      ~~dispute regarding his or her activities in the gambling~~  
23      ~~establishment that is the subject of a report to a peace officer~~  
24      ~~and that results in removal of one or more individuals.~~
- 25      ~~(17) — That any cheating reported to the house by a registrant shall be~~  
26      ~~reported within 5 days by the primary owner and the house to~~  
27      ~~the Commission and Division.~~
- 28      ~~(c) — Except as expressly authorized by this subsection, a proposition player~~  
29      ~~contract shall not include any provision authorizing payment to or receipt by~~  
30      ~~the house, or a designee thereof, of any share of the profits or revenues of a~~  
31      ~~registrant. Any payments made by a registrant to the house for a purpose~~  
32      ~~determined by agreement with the house shall be specifically authorized by~~  
33      ~~the proposition player contract. All payments shall be specified in the~~  
34      ~~contract. In no event may a proposition player contract provide for any~~  
35      ~~payment based on a percentage or fraction of the registrant's gross profits or~~

1       ~~wagers made or the number of players. All payments shall be fixed and~~  
2       ~~shall only be made for services and facilities requested by, and provided to,~~  
3       ~~the registrant, and for a reasonable share of the cost of advertising with~~  
4       ~~respect to gaming at the gambling establishment in which the registered~~  
5       ~~owner participates. No contract provision shall authorize any payments for~~  
6       ~~services or facilities that are substantially disproportionate to the value of the~~  
7       ~~services or facilities provided. No payment other than the collection of fees~~  
8       ~~for play, shall be required for play at any table, including, without limitation,~~  
9       ~~reservation of a seat.~~

10   ~~(d) — The proposition player contract shall not contain any provision that limits~~  
11       ~~contact with officials or employees of the Commission or Division. The~~  
12       ~~proposition player contract shall prohibit an owner or the house from~~  
13       ~~retaliating against any registrant on account of contact with an official or~~  
14       ~~employee of the Commission or Division or any other public official or~~  
15       ~~agency.~~

16   ~~(e) — A proposition player contract shall be consistent with the provisions of~~  
17       ~~Business and Professions Code section 19984, subdivision (a), prohibiting a~~  
18       ~~gambling establishment or the house from having any interest, whether~~  
19       ~~direct or indirect, in funds wagered, lost, or won. No proposition player~~  
20       ~~contract shall be approved that would permit the house to bank any game in~~  
21       ~~the gambling establishment.~~

22       ~~(f) — Each proposition player contract approved by the Division shall~~  
23       ~~contain a provision authorizing the Commission, after receiving the findings and~~  
24       ~~recommendation of the Division, to terminate the contract for any material~~  
25       ~~violation of any term required by this section.~~

26   **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

27   **Reference:** Section 19984, Business and Professions Code

28   **Section 12208.           Review and Approval of Proposition Player**  
29                               **Contracts**

1 ~~(a) — (1) — On and after April 30, 2004, proposition player services shall not be~~  
2 ~~provided except pursuant to a proposition player contract, in writing,~~  
3 ~~approved in advance by the Division. Provision of proposition player~~  
4 ~~services by any person subject to registration under this chapter, or~~  
5 ~~engagement of proposition player services by the holder of a state~~  
6 ~~gambling license, without a contract as required by this section is a~~  
7 ~~violation of this section. The Division shall approve a proposition~~  
8 ~~player contract if the contract is consistent with this regulation and the~~  
9 ~~Act; the contract does not provide for controlled gambling that will be~~  
10 ~~conducted in a manner that is inimical to the public health, safety, or~~  
11 ~~welfare; the contract will not create or enhance the dangers of~~  
12 ~~unsuitable, unfair, or illegal practices, methods, or activities in the~~  
13 ~~conduct of controlled gambling or in the carrying on of the business~~  
14 ~~and financial arrangements incidental thereto; and will not undermine~~  
15 ~~public trust that the controlled gambling operations covered by the~~  
16 ~~contract will be conducted honestly, by reason of the existence or~~  
17 ~~perception of any collusive arrangement between any party to the~~  
18 ~~contract and the holder of a state gambling license, or otherwise.~~

19 ~~(2) — Prior to December 7, 2003, each primary owner that is providing~~  
20 ~~proposition player services at a gambling establishment on the date~~  
21 ~~that these regulations originally became effective (November 6, 2003)~~  
22 ~~shall submit an Application for Contract Approval Provider of~~  
23 ~~Proposition Player Services (DGC APP.030, rev. 09/03), which is~~  
24 ~~hereby incorporated by reference.~~

25 ~~(3) — A complete application for contract approval shall include all of the~~  
26 ~~following:~~

27  
28 ~~(A) — A completed Application for Contract Approval Provider of~~  
29 ~~Proposition Player Services (DGC APP.030, rev. 09/03).~~

30  
31 ~~(B) — A completed Appointment of Designated Agent for Owners and~~  
32 ~~Proposition Players (DGC APP.031, rev. 09/03) which is~~  
33 ~~hereby incorporated by reference.~~

34  
35 ~~(C) — An executed copy of the contract that specifically addresses all~~  
36 ~~of the requirements of Section 12207.~~  
37

1           ~~(D) — A playing book form that specifically addresses all of the~~  
2           ~~requirements of section 12209.~~

3  
4           ~~(E) — A five hundred dollar (\$500) nonrefundable application fee.~~

5  
6           ~~(F) — A deposit in such amount as, in the judgment of the Director of~~  
7           ~~the Division, will be sufficient to pay the anticipated processing~~  
8           ~~costs. The Division may require an additional sum to be~~  
9           ~~deposited to pay the final costs of the review and approval or~~  
10           ~~disapproval of the contract. Any money received as a deposit in~~  
11           ~~excess of the costs incurred in the review and approval or~~  
12           ~~disapproval of the contract will be refunded and an itemized~~  
13           ~~accounting will be provided to the primary owner, or primary~~  
14           ~~owner's designee.~~

15       ~~(4) — The Division shall notify the applicant, in writing, within ten working~~  
16       ~~days of receiving the application that the application or resubmitted~~  
17       ~~application is complete or incomplete. If an application is incomplete,~~  
18       ~~the Division shall request, in writing, any information, fees, or~~  
19       ~~documentation needed to complete the application. Unless extended~~  
20       ~~by the Division for further investigation up to 90 days or with the~~  
21       ~~consent of the applicant, review and approval or disapproval of a~~  
22       ~~proposition player contract shall be completed within 90 days of~~  
23       ~~receiving a completed application and notice thereof shall be sent via~~  
24       ~~United States mail to the applicant or the applicant's designee within~~  
25       ~~10 days of the Division's decision. Notice of disapproval of the~~  
26       ~~contract or amendments shall specify the cause.~~

27       ~~(5) — The Division may make available to any applicant, upon request,~~  
28       ~~examples of previously approved contracts, as modified to delete any~~  
29       ~~identifying information of the parties, any reference to the specific~~  
30       ~~amount of monetary consideration, and any other terms or conditions~~  
31       ~~of the contract that the Division determines should remain~~  
32       ~~confidential. Nothing in this paragraph shall be construed to require~~  
33       ~~the Division to approve a contract in the form of any exemplar~~  
34       ~~contract made available pursuant to this paragraph.~~

35       ~~(b) — (1) — In lieu of the procedure specified in subsection (a), the Division shall~~  
36       ~~provide an expedited review process of an application for contract~~  
37       ~~approval if all of the following conditions exist:~~

1  
2       (A) — ~~Proposition player services were provided in the gambling~~  
3           ~~establishment at any time during the 30 days preceding the~~  
4           ~~application pursuant to a contract that was previously approved~~  
5           ~~by the Division and that has been terminated.~~

6  
7       (B) — ~~The proposed contract is between the house and a different~~  
8           ~~primary owner than the previous contract under which~~  
9           ~~proposition player services were provided in the gambling~~  
10          ~~establishment.~~

11  
12       (C) — ~~The terms of the proposed contract are substantially identical to~~  
13           ~~the contract previously approved by the Division under which~~  
14           ~~proposition player services were provided in the gambling~~  
15           ~~establishment at any time during the 30 days preceding the~~  
16           ~~application.~~

17  
18       (2) — ~~If an application for contract approval is submitted as an expedited~~  
19           ~~contract request and the Division determines that it does not meet the~~  
20           ~~criteria, the primary owner or designee and the house shall be notified~~  
21           ~~within one business day of the Division's decision. Any contract that~~  
22           ~~is not processed through the expedited review and approval process~~  
23           ~~shall be treated as a new contract request and reviewed and approved~~  
24           ~~or disapproved as otherwise provided by subsection (a).~~

25  
26       (3) — ~~The Division shall complete the expedited review and approval of a~~  
27           ~~contract within three business days of receiving all of the following:~~

28  
29           (A) — ~~A completed Application for Contract Approval Provider of~~  
30               ~~Proposition Player Services (DGC APP.030, rev. 09/03).~~

31  
32           (B) — ~~A completed Appointment of Designated Agent for Owners and~~  
33               ~~Proposition Players (DGC APP.031, rev. 09/03).~~

34  
35           (C) — ~~An executed copy of the contract that specifically addresses all~~  
36               ~~the requirements of Section 12207.~~

37  
38           (D) — ~~A playing book form that specifically addresses all the~~  
39               ~~requirements of Section 12209.~~

1  
2           (E) — A five hundred dollar (\$500) nonrefundable application fee.

3           (F) — A deposit in such amount as, in the judgment of the Director of  
4           the Division, will be sufficient to pay the anticipated processing  
5           costs. The Division may require an additional sum to be  
6           deposited to pay the final costs of the review and approval or  
7           disapproval of the contract. Any money received as a deposit in  
8           excess of the costs incurred in the review and approval or  
9           disapproval of the contract will be refunded and an itemized  
10          accounting will be provided to the primary owner, or primary  
11          owner's designee.

12   (c) — (1) — Within 15 days of receiving any complete application for approval of  
13          a proposition player contract or amendment, the Division shall submit  
14          the contract or amendment to the Commission for review and  
15          comment. The Commission shall provide the Division with  
16          comments, if any, within 10 days of receipt of the contract or  
17          amendment. This paragraph does not apply to expedited approval  
18          under subsection (b).

19          (2) — A copy of the Division's notice of approval or disapproval of a  
20          proposition player contract or amendment thereto shall be sent to the  
21          Commission.

22   (d) — An executed copy of the currently effective contract, and all amendment(s)  
23          thereto, and a copy of all Division notices that approved the contract and any  
24          amendment shall be maintained at the gambling establishment and shall be  
25          provided for review or copying upon request by any representative of the  
26          Commission or Division.

27   (e) — The term of any proposition player contract shall not exceed one year and  
28          shall not be extended or renewed without the prior approval of the Division.  
29          No amendment changing any of the contract terms referred to in Section  
30          12207, other than paragraphs (3) and (6) of subsection (b) thereof, may  
31          become effective during the term of a proposition player contract without the  
32          prior written approval of the Division. If any amendment is made to a  
33          proposition player contract term specified in paragraph (3) or (6) of  
34          subsection (b) of Section 12207, both parties to the contract shall notify the

1 Commission and Division in writing of the amendment within 10 days of the  
2 execution thereof by the parties to the contract.

3 (f) ~~Requests to review and approve an amendment to a proposition player~~  
4 ~~contract shall be submitted with an application for approval along with an~~  
5 ~~executed copy of the contract, a five hundred dollar (\$500) nonrefundable~~  
6 ~~application fee, and a deposit in such amount as, in the judgment of the~~  
7 ~~Director of the Division, will be sufficient to pay the anticipated processing~~  
8 ~~costs. The Division may require an additional sum to be deposited to pay~~  
9 ~~the final costs of the review and approval or disapproval of the amendment.~~  
10 ~~Any money received as a deposit in excess of the costs incurred in the~~  
11 ~~review and approval or disapproval of the amendment shall be refunded and~~  
12 ~~an itemized accounting shall be provided to the primary owner or the~~  
13 ~~primary owner's designee.~~

14 (g) ~~All proposition player contracts shall be subject to, and superseded by, any~~  
15 ~~changes in the requirements of regulations adopted under Business and~~  
16 ~~Professions Code section 19984 that conflict with or supplement provisions~~  
17 ~~of the proposition player contract.~~

18 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

19 **Reference:** Section 19984, Business and Professions Code

## 20 **Section 12209. Playing Books**

21 (a) ~~The primary owner shall be responsible for assuring that their players~~  
22 ~~maintain accurate, complete, and up to date playing books for all sessions of~~  
23 ~~play worked in conformity with regulations of the Commission. The~~  
24 ~~information in the playing book record shall be transferred to the primary~~  
25 ~~owner, or a supervisor designated by the primary owner, on a daily basis.~~  
26 ~~Primary owners shall maintain this information at a single location in the~~  
27 ~~State of California, and shall maintain the original playing book records in~~  
28 ~~the State of California, for at least five years. The location or locations~~  
29 ~~where the records of this information and the original playing book records~~  
30 ~~are maintained, and any change therein, shall be disclosed to the~~  
31 ~~Commission and Division by written notice mailed or delivered within five~~  
32 ~~business days after establishing or changing such a location.~~

1 ~~(b) — Playing books shall be prepared and maintained as follows:~~

2 ~~(1) — Playing book forms shall be reviewed and approved or disapproved~~  
3 ~~during the review of the contract by the Division.~~

4 ~~(2) — Each form in the playing book shall be recorded in ink and include,~~  
5 ~~but not be limited to, the following information:~~

6 ~~(A) — Sequential numbers. Any unused form shall be voided and~~  
7 ~~maintained in the playing book.~~

8 ~~(B) — Specify the name of the gambling establishment where play~~  
9 ~~occurred.~~

10 ~~(C) — The date when play occurred.~~

11 ~~(D) — Beginning and ending balances.~~

12 ~~(E) — All fills and credits affecting the balance shall be individually~~  
13 ~~identified.~~

14 ~~(F) — The printed full name and badge number of the proposition~~  
15 ~~player, which includes owners, supervisors, and/or players.~~

16 ~~(G) — The table number.~~

17 ~~(H) — The specific name of the Division approved gaming activity.~~

18 ~~(I) — The name of the primary owner.~~

19 ~~(3) — The form for each session of play shall be dated and signed under~~  
20 ~~penalty of perjury by the person who prepared it and shall include a~~  
21 ~~declaration in the following form: “I declare under penalty of perjury~~  
22 ~~under the laws of the State of California that the foregoing is true and~~  
23 ~~correct.”~~

24 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

25 **Reference:** Section 19984, Business and Professions Code



## **Section 12210. Transfers and Sales**

~~No individual who is an owner shall in any manner transfer any interest in the proposition player services operation to any person, firm, or corporation not then an owner of an interest therein, and such a transfer shall not become effective for any purpose, until the proposed transferee or transferees have made application for and obtained registration as an owner from the Commission. Applications for a transfer of the interest shall be made by the transferee applying for registration under this regulation. Evidence of the transferor's agreement to transfer the interest shall accompany the application for registration.~~

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

## **Section 12211. Inspections**

~~When requested by a representative of the Commission or Division, a registrant shall immediately permit the Commission or Division representative, in accordance with the request, to inspect, copy, or audit all requested documents, papers, books, and other records of the registrant related to the provision of proposition player services. If the records are maintained in electronic form and the registrant is requested to do so, the registrant shall provide a printed copy pursuant to this section.~~

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

## **Section 12212. Compliance**

1  
2 ~~(a) Registrants shall comply with game rules approved by the Division~~  
3 ~~regarding player dealer rotation and table wagering. No registrant shall be~~  
4 ~~accorded any preference by the house over other players; provided, that a~~  
5 ~~proposition player contract may, at any table assigned for play by the~~  
6 ~~contracted registrant, preclude players of any other registrant under this~~  
7 ~~chapter or chapter 2.2 of this title from playing at that table during the~~  
8 ~~periods of play assigned by the proposition player contract for the contracted~~  
9 ~~registrant. For purposes of this subsection, "preference" means and is~~  
10 ~~limited to both of the following if sanctioned by house rule or otherwise~~  
11 ~~directed by the house or its employees:~~

12  
13 ~~(1) Any priority in the continuous and systematic rotation of the deal,~~  
14 ~~as required by Penal Code section 330.11, such that a registrant~~  
15 ~~becomes entitled by reason of the priority to occupy the player-~~  
16 ~~dealer position more often than other players. Nothing in this~~  
17 ~~paragraph precludes the house from assigning a particular seat to a~~  
18 ~~registrant.~~

19 ~~(2) Any advantage to the registrant over other players in the placement~~  
20 ~~of wagers.~~

21 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

22 **Reference:** Section 19984, Business and Professions Code

23 **Section 12213. Revocation**

1 The Commission may revoke a registration, upon any of the following grounds,  
2 after a hearing conducted pursuant to the same procedures applicable to revocation  
3 of gambling establishment licenses:

4 (a) — The registrant committed, attempted to commit, or conspired to commit any  
5 acts prohibited by the Gambling Control Act or this chapter.

6 (b) — Any act or omission by the registrant that would disqualify the registrant  
7 from obtaining registration under this chapter.

8 (c) — The registrant engaged in any dishonest, fraudulent, or unfairly deceptive  
9 activities in connection with controlled gambling, including any violation of  
10 laws related to cheating.

11 (d) — The registrant failed or refused to comply with the requirements of Section  
12 12211.

13 (e) — The registrant concealed or refused to disclose any material fact in any  
14 inquiry by the Division or the Commission.

15 (f) — The registrant committed, attempted, or conspired to commit any  
16 embezzlement or larceny against a gambling licensee or proposition player  
17 registrant or upon the premises of a gambling establishment.

18 (g) — The registrant has been lawfully excluded from being present upon the  
19 premises of any licensed gambling establishment for any reason relating to  
20 cheating or any violation of the Gambling Control Act by the registrant.

21 (h) — The primary owner or any other owner knowingly permitted one or more of  
22 the owner's supervisors or players to commit any act described in  
23 subsections (a) to (f), inclusive.

24 (i) — The primary owner or any other owner knew, or failed to implement  
25 reasonable oversight procedures that would have apprised the owner, that  
26 one or more of the owner's supervisors or players was in violation of one or  
27 more provisions of this chapter or of the Gambling Control Act and failed or  
28 refused to take action to prevent the recurrence of the violation or violations.

29 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

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1 **Reference:** Section 19984, Business and Professions Code

## 2 **Section 12214. Emergency Orders**

3 ~~Registrants under this chapter shall be subject to emergency orders under Business~~  
4 ~~and Professions Code section 19931.—~~

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

6 **Reference:** Sections 19984 and 19931, Business and Professions Code

## 7 8 **Article 3. Licensing**

### 9 **Section 12218. ~~Application for Initial Licensing Request to~~** 10 **Convert Registration to Licensure**

11 (a) ~~License applications shall be submitted only in response to a written~~  
12 ~~summons from the Division to a registrant pursuant to Section 12200.25.~~  
13 ~~Registrants whose applications were approved on or before March 31, 2004~~  
14 ~~shall be summoned before registrants whose applications were approved~~  
15 ~~after that date. A request to convert a registration to a license shall be~~  
16 ~~submitted only in response to a written summons from the Division to a~~  
17 ~~primary owner pursuant to Section 12200.25. Each primary owner's~~  
18 ~~request shall be accompanied by the requests of all affiliated owners,~~  
19 ~~supervisors, players, and other employees.~~

20 (b) ~~The application for licensing request to convert a registration to a license~~  
21 ~~shall designate whether the registration license is requested as a primary~~

1 owner, other owner, supervisor, player, or other employee. The application  
2 request shall be signed by the individual applicant requester or, if the  
3 applicant requester is a business entity, by the chief executive officer or  
4 other designated officer of the business entity.

5 (c) ~~An application for licensing~~ The request to convert a registration to a license  
6 shall include all of the following:

7 (1) ~~A completed Application for Third Party Proposition Player Services~~  
8 ~~Licensing Request for Conversion of a Third Party Proposition Player~~  
9 ~~Services Registration to a License (CGCC-437, New 6/04), which is~~  
10 ~~hereby incorporated by reference.~~

11 (2) ~~A Request for Live Scan Service (California Department of Justice~~  
12 ~~Form BCH 8016, rev. 4/01) for an applicant that is an individual,~~  
13 ~~confirming that the applicant's fingerprints have been submitted to the~~  
14 ~~Bureau for an automated background check and response Two (2)~~  
15 ~~two-by-two inch color passport-style photographs of a requester that~~  
16 ~~is an individual taken no more than one year before submission of the~~  
17 ~~request to the Commission.~~

18 (3) The supplemental information package.

19 (4) A sum of money that, in the judgment of the Director of the Division,  
20 will be adequate to pay the anticipated investigation and processing  
21 costs, in accordance with Business and Professions Code section  
22 19867.

1 (d) Nothing in this chapter shall require the Commission or Division to divulge  
2 to the requester any confidential information received from any law  
3 enforcement agency or any information received from any person with  
4 assurances that the information would be maintained as confidential.  
5 Nothing in this chapter shall require the Commission or Division to divulge  
6 any information that might reveal the identity of any source of information  
7 or jeopardize the safety of any person.

8 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

9 **Reference:** Section 19984, Business and Professions Code

10 **Section 12218.5 Withdrawal of Request to Convert**  
11 **Registration to License**

12  
13 (a) A request for withdrawal of a request to convert a registration to a license  
14 may be made at any time prior to final action upon the request by the  
15 Director by the filing of a written request to withdraw with the Commission.  
16 For the purposes of this section, final action by the Division means a final  
17 determination by the Director regarding his or her recommendation on the  
18 request to the Commission.

19 (b) The Commission shall not grant the request unless the requester has  
20 established that withdrawal of the request would be consistent with the  
21 public interest and the policies of the Gambling Control Act and this chapter.  
22 If a request for withdrawal is denied, the Division may go forward with its  
23 investigation and make a recommendation to the commission upon the  
24 request, and the Commission may act upon the request to convert as if no  
25 request for withdrawal had been made.

1 (c) If a request for withdrawal is granted with prejudice, the requester thereafter  
2 shall be ineligible to renew its request until the expiration of one year from  
3 the date of the withdrawal. Unless the Commission otherwise directs, no  
4 payment relating to any request is refundable by reason of withdrawal of  
5 request.

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Sections 19869 and 19984, Business and Professions Code

8  
9 **Section 12218.7** **Processing Times--Request to Convert**  
10 **Registration to License**  
11

12 (a) Except as provided in subsection (b), a request to convert a  
13 registration to license submitted pursuant to this chapter shall be  
14 processed within the following timeframes:

15  
16 (1) The maximum time within which the Commission shall notify the  
17 applicant in writing that a request or a resubmitted request is complete  
18 and accepted for initial processing by the Commission, or that a  
19 request or a resubmitted requested is deficient and identifying what  
20 specific additional information is required, is 20 days after receipt of  
21 the request. For the purposes of this section, "request" means the  
22 Request for Conversion of a Third Party Proposition Player Services  
23 Registration to a License (CGCC-437, New 6/04), which was  
24 incorporated by reference in Section 12218. A request is not complete  
25 unless accompanied by (1) a copy of the summons from the Division  
26 setting a deadline for filing the request with the Commission and (2)

1       the supplemental information package required by section 12218(c)(3)  
2       for review by the Division pursuant to paragraph (3) of this subsection  
3       for persons affiliated with the primary owner to whom the summons  
4       was addressed. The supplemental information shall not be reviewed  
5       for completeness by the Commission.

6  
7       (2) A request and the supplemental information package shall be  
8       forwarded by the Commission to the Division for processing within  
9       10 days of the date that the Commission determines that the request is  
10       complete.

11  
12       (3) The Division shall review the supplemental information package  
13       submitted for completeness and notify the applicant of any  
14       deficiencies in the supplemental information package, or that the  
15       supplemental information package is complete, within 45 days of the  
16       date that the request and supplemental information package are  
17       received by the Division from the Commission. Notwithstanding this  
18       subsection, subsequent to acceptance of the supplemental information  
19       package as complete, the Division may, pursuant to Business and  
20       Professions Code section 19866, require the requester to submit  
21       additional information.

22  
23       (4) Pursuant to Business and Professions Code section 19868, the  
24       Division shall, to the extent practicable, submit its recommendation to  
25       the Commission within 180 days after the date the Division is in  
26       receipt of both the completed request pursuant to paragraph (2) of this



1       subsection and the completed supplemental information package  
2       pursuant to paragraph (3) of this subsection. If the Division has not  
3       concluded its investigation within 180 days, then it shall inform the  
4       applicant and the Commission in writing of the status of the  
5       investigation and shall also provide the applicant and the Commission  
6       with an estimated date on which the investigation may reasonably be  
7       expected to be concluded.

8  
9       (5) The Commission shall grant or deny the request within 120 days after  
10       receipt of the final written recommendation of the Division  
11       concerning the request, except that the Commission may notify the  
12       applicant in writing that additional time, not to exceed 30 days, is  
13       needed.

14  
15    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16    **Reference:** Section 19984, Business and Professions Code sections

17  
18    **Section 12218.11                      Ineligibility for Licensing**

19    A requester shall be ineligible for licensing for any of the following causes:

20    (a) Except for an individual seeking licensing as “other employee,” an  
21       individual applicant is under the age of 21.

22    (b) The requester has been convicted of any felony, including a conviction in a  
23       court of the United States or any other state of an offense that is classified as  
24       a felony by the laws of this state.

1 (c) The requester has, within the ten year period immediately preceding the  
2 submission of the request to convert, been convicted of a misdemeanor  
3 involving a firearm or other deadly weapon, gaming or gaming-related  
4 activities prohibited by Chapter 9 (commencing with Section 319) or  
5 Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal  
6 Code, violations of the Gambling Control Act, or dishonesty or moral  
7 turpitude.

8 (d) If the request to convert is for licensing as an owner, supervisor, or player,  
9 the requester has been subject to a final administrative or judicial  
10 adjudication revoking a registration or license under this chapter or a state  
11 gambling license, key employee license, work permit or finding of  
12 suitability or has had an application denied under this chapter or the  
13 Gambling Control Act.

14 (e) The requester would be ineligible for a state gambling license under any of  
15 the criteria set forth in Business and Professions Code section 19859,  
16 subdivisions (b), (e), or (f), the terms of which are incorporated by reference  
17 and hereby expressly made applicable to requests to convert under this  
18 chapter.

19 (f) The requester would be ineligible for a state gambling license under  
20 Business and Professions Code section 19858, the terms of which are  
21 incorporated by reference and hereby expressly made applicable to  
22 applications for registration under this chapter.

23 (g) The requester has violated one or more of the prohibitions set forth in  
24 Subsection 12200.7(b)(5), (11) and (20) or Subsection 12200.7(c)(1) and (3).

1 (h) The requester has failed to comply with one or more of the requirements set  
2 forth in Subsection 12200.7(b)(8), (9), (15), (16), (17), (18) or (21) or in  
3 Subsection 12200.7(c)(2) and (e).

4 (i) The applicant is ineligible based on any other provision of law.

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

6 **Reference:** Section 19984, Business and Professions Code

7 **Section 12218.13 Term of License**

8 All initial licenses shall be issued for a period of two years. Due to nonrecurring  
9 workload problems associated with the processing of the first round of requests to  
10 convert registrations to licenses, all other initial licenses that are granted within  
11 three years of the effective date of these regulations shall be issued for a period of  
12 two years. Beginning July 1, 2007, all licenses other than player licenses and other  
13 employee licenses shall be issued for a period of one year, except as otherwise  
14 provided by a subsequently adopted regulation of the Commission.

15 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16 **Reference:** Section and 19984, Business and Professions Code

17  
18  
19 **Section 12218.15 Compliance –Licensing**  
20

~~(a) Licensees shall comply with game rules approved by the Division regarding player-dealer rotation and table wagering. No licensee shall be accorded any preference by the house over other players; provided, that a proposition player contract may, at any table assigned for play by the contracted licensee, preclude players of any other licensee under this chapter or chapter 2.2 of this title from playing at that table during the periods of play assigned by the proposition player contract for the contracted licensee or registrant. For purposes of this subsection, "preference" means and is limited to both of the following if sanctioned by house rule or otherwise directed by the house or its employees:~~

~~(1) Any priority in the continuous and systematic rotation of the deal, as required by Penal Code section 330.11, such that a licensee or registrant becomes entitled by reason of the priority to occupy the player-dealer position more often than other players. Nothing in this paragraph precludes the house from assigning a particular seat to a licensee.~~

~~(2) Any advantage to the licensee over other players in the placement of wagers.~~

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Section 19984, Business and Professions Code

## **Section 12218.17 Background Investigation Deposit**

~~Each applicant for a license shall submit with the application of sum of money that, in the judgment of the Director of the Division, will be adequate to pay the~~

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~~anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.~~

**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

**Reference:** Sections 19867 and 19984, Business and Professions Code

## **Section 12218.19 — Term of License**

~~All initial licenses shall be issued for a period of two years. Due to nonrecurring workload problems associated with the processing of initial license applications, all other initial licenses that are granted within two years of the effective date of these regulations shall be issued for a period of two years. Beginning July 1, 2007, all licenses other than player licenses shall be issued for a period of one year, except as otherwise provided by a subsequently adopted regulation of the Commission.~~

~~**Authority:** Sections 19840, 19841, and 19984, Business and Professions Code~~

~~**Reference:** Section and 19984, Business and Professions Code~~

## **Chapter 2.2 Gambling Businesses: Registration; Licensing**

### **Article 1. Definitions and General Provisions**

### **Article 2. Registration**

### **Article 3. Licensing**

### **Article 1. Definitions and General Provisions**

Section 12220. Definitions

- 1 Section 12220.1 Certificate
- 2 Section 12220.3 Badge
- 3 Section 12220.5 Replacement of Badge
- 4 Section 12220.6 Transfer of Player Registration or License
- 5 Section 12220.13 Playing Book
- 6 Section 12220.14 Organization Chart and Employee Report
- 7 Section 12220.15 Transfer and Sales
- 8 Section 12220.16 Inspections and Investigations
- 9 Section 12220.17 Emergency Orders
- 10 Section 12220.18 Revocation
- 11 Section 12220.20 Annual Fee
- 12 Section 12220.21 Compliance
- 13 Section 12220.23 Exclusion
- 14 **Article 2. Registration**
- 15 Section 12220.25 Transition to Licensing
- 16 Section 12221. Registration

1 Section 12222. Application for Registration

2

3 Section 12223. Processing of Applications

4 Section 12224. Ineligibility for Registration

5

6 Section 12225. Cancellation of Registration

7

8 Section 12226. Badge [to be repealed]

9

10 Section 12227. Transfers and Sales [to be repealed]

11

12 Section 12228. Inspections [to be repealed]

13

14 Section 12229. Compliance [to be repealed]

15

16 Section 12230. Revocation [to be repealed]

17

18 Section 12231. Emergency Orders [to be repealed]

19

20 Section 12232. Exclusion [to be repealed]

21

22 **Article 3. Licensing**

1    Section 12233                   Request to Convert Registration to License

2    Section 12234                   Withdrawal of Request to Convert Registration to  
3                                   License

4    Section 12235                   Processing Times--Request to Convert  
5                                   Registration to License

6    Section 12236                   Ineligibility for Licensing

7    Section 12237                   Term of License

8  
9    **Article 1.**           **Definitions and General Provisions**

10  
11   **Section 12220. Definitions**

12    (a)    Except as otherwise provided in subsection (b), the definitions in Business  
13            and Professions Code section 19805 shall govern the construction of this  
14            chapter.

15    (b)    As used in this chapter:

16           (1)    “Applicant” means the applicant for registration under this chapter,  
17                   including in the case of an owner that is a corporation, partnership, or  
18                   any other business entity, all persons whose registrations or licenses  
19                   are required to be endorsed upon the primary owner’s registration or  
20                   license certificate.



1        (2) “Authorized player” means an individual associated with a particular  
2        primary owner whose badge authorizes play in a controlled game on  
3        behalf of the primary owner, including the primary owner, all other  
4        owners, all supervisors, and all players. “Authorized player” does not  
5        include funding sources. Only authorized players may perform the  
6        functions of a supervisor or player.

7        ~~(2)~~ (3) “Badge” means a form of identification issued by the  
8        Commission identifying a registrant or licensee. A badge authorizing  
9        play in a controlled game shall be of a distinctly different color than a  
10       badge that identifies a registrant or licensee, but does not authorize  
11       play.

12       ~~(3)~~ (4) “Bureau” means the Bureau of Criminal Identification and  
13       Information of the California Department of Justice.

14       ~~(4)~~ (5) “Commission” means the California Gambling Control  
15       Commission.

16       ~~(5)~~ (6) “Deadly weapon” means any weapon, the possession or  
17       concealed carrying of which is prohibited by Penal Code section  
18       12020.

19       ~~(6)~~ (7) “Division” means the Division of Gambling Control in the California  
20       Department of Justice. Information that this chapter requires to be  
21       sent to the Division shall be submitted in writing to the Sacramento  
22       office of the Division.

1       ~~(7)~~ (8) “Executive Director” means the Executive Director of the  
2               Commission ~~or such other person as may be designated by the~~  
3               ~~Commission.~~

4  
5       ~~(8)~~ (9) “Funding source” means any person that provides financing,  
6               including but not limited to loans, advances, any other form of credit,  
7               chips, or any other representation or thing of value, to an owner=  
8               registrant or owner-licensee, other than individual registrants under  
9               Subsection ~~(d)~~ (c) of Section ~~12201~~ or individual licensees. “Funding  
10              source” does not include any federally or state chartered lending  
11              institution or any of the following entities that in the aggregate owns  
12              at least one hundred million dollars (\$100,000,000) of securities of  
13              issuers that are not affiliated with the entity:

14  
15           (A)   Any federally-regulated or state-regulated bank or savings  
16               association or other federally- or state-regulated lending  
17               institution.

18  
19           (B)   Any company that is organized as an insurance company, the  
20               primary and predominant business activity of which is the  
21               writing of insurance or the reinsuring of risks underwritten by  
22               insurance companies, and that is subject to supervision by the  
23               Insurance Commissioner of California, or a similar official or  
24               agency of another state.

25  
26           (C)   Any investment company registered under the federal

Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et seq.).

(D) Any retirement plan established and maintained by the United States, an agency or instrumentality thereof, or by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees.

(E) Any employee benefit plan within the meaning of Title I of the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. sec. 1001 et seq.).

(F) Any securities dealer registered pursuant to the federal Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

(G) Any entity, all of the equity owners of which individually meet the criteria of this paragraph (8).

~~(9)~~ (10) “Gambling business,” except as otherwise provided in this paragraph, means a business enterprise that engages the services of employees, independent contractors, or both to participate in the play of any controlled game in a gambling establishment that has a rotating player-dealer position as permitted by Penal Code section 330.11. “Gambling business” also refers to the conduct of such a business enterprise in a gambling establishment. “Gambling business” does

1 not, however, include the provision of proposition player services  
2 subject to Chapter 2 (commencing with Section 12200) of this title.

3  
4 ~~(10)~~ (11) “Gambling Control Act” or “Act” means Chapter 5 (commencing  
5 with Section 19800) of Division 8 of the Business and Professions  
6 Code.

7 (12) “License” means a license issued by the Commission pursuant to  
8 article 3 of this chapter.

9 (A) There are four license categories entitling the holder to  
10 operate a gambling business:

11 1. primary owner,

12 2. Other owner, if issued a playing badge,

13 3. supervisor, and

14 4. Player.

15 (B) All other employees of the primary owner who are  
16 present in the gambling establishment during the conduct of the  
17 gambling business shall be licensed as “other employee” and  
18 shall be required to submit an application and be approved or  
19 denied based upon the same criteria that apply to a player.

20  
21 (13) “Licensee” means a person having a valid license.

22  
23 (14) "Organization chart" means a chart that identifies the names and titles  
24 of all owners, as defined in section 12220, supervisors, and any  
25 persons having significant influence over the operation of gambling  
26 business; the percentage of ownership, if any, held by each identified

1 individual or entity; and the reporting relationship for each identified  
2 individual or entity.

3 ~~(11)~~ (15) "Owner" includes all of the following:

4 (A) A sole proprietor, corporation, partnership, or other business  
5 entity that provides or proposes to conduct a gambling business.

6 (B) Any individual specified in subsection (d) of Section 12221,  
7 and

8 (C) Any funding source.

9 (16) "Player" means an individual employed by or an independent  
10 contractor engaged by a gambling business to participate in the play  
11 of any controlled game in a gambling establishment.

12 (17) "Playing Book" means a record documenting each session of play by  
13 an individual player.

14 ~~(12)~~ (18) "Primary Owner" means the owner specified in subparagraph (A)  
15 of paragraph ~~(11)~~ (15) of this subsection.

16 (19) "Rebate" means a partial return by an authorized player of chips or  
17 money to a patron who has lost the chips or money to the authorized  
18 player through play in a controlled game at a gambling establishment.

19 ~~(13)~~ (20) "Registrant" means a person having a valid registration.

20 ~~(14)~~ (21) "Registration" means a registration issued by the Commission  
21 pursuant to this chapter. There are four registration categories

1 entitling the holder to participate in the operation of a gambling  
2 business: primary owner, owner, supervisor, and player. All other  
3 employees of the primary owner who are present in the gambling  
4 establishment during the operation of the gambling business shall be  
5 registered as “other employee.” A primary owner issued a playing  
6 badge and an owner issued a playing badge may also perform the  
7 functions of a supervisor or player, and the holder of a supervisor’s  
8 registration or license may also perform the functions of a player. No  
9 registrant, other than an owner issued a playing badge, supervisor, or  
10 player, may possess, direct, or otherwise control currency, chips, or  
11 other wagering instruments used for play as part of the operation of a  
12 gambling business. An individual registered or licensed as an “other  
13 employee” may not function as a player unless and until that  
14 individual applies for and obtains a registration or a license as player.

15 (22) “Session of play” as used in Section 12220.13 (“Playing Book”)  
16 means a continuous work shift performed by a player.

17 (23) “Supervisor” means an individual who, in addition to any  
18 supervisory responsibilities, has authority, on behalf of the primary  
19 owner, to provide or direct the distribution of currency, chips, or other  
20 wagering instruments to affiliated registrants or licensees who are  
21 authorized to play.

22 (24) “Supplemental information package” means all of the documentation  
23 and deposits required by each of the following forms (which are  
24 hereby incorporated by reference) to be submitted to the Commission

1 in response to a summons issued by the Division pursuant to Section  
2 12220.25:

3 (A) Owners, as defined in Section 12220(b), that are a natural  
4 person shall complete the form Level III Supplemental  
5 Information-Individual (DGC-APP. 034A, New 08/04) for a  
6 level III investigation.

7 (B) Owners, as defined in Section 12220(b), that are not a natural  
8 person shall complete the form Level III Supplemental  
9 Information-Business (DGC-APP. 034B, New 08/04) for a  
10 level III investigation.

11 (C) Supervisors, as defined in Section 12220(b) shall compete the  
12 form Level II Supplemental Information (DGC-APP. 033, New  
13 08/04) for a level II investigation.

14 (D) Other employees, independent contractors, and players shall  
15 complete the form Level I Supplemental Information (DGC-  
16 APP. 032, New 08/04) for a level I investigation.

17 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
18 Code

19 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code  
20

## 21 **Section 12220.1 Certificate**

22 (a) The Commission shall issue a registration or license certificate, as  
23 applicable, to each primary owner.

1 (b) The Commission shall endorse upon each certificate the names of all other  
2 owners affiliated with the primary owner.

3 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
4 Code

5 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code  
6

7 **Section 12220.3 Badge**

8 (a) All individuals registered or licensed as primary owners, owners,  
9 supervisors, players, or other employees of the primary owner shall wear in  
10 a prominently visible location a numbered badge issued by the Commission  
11 when present in a gambling establishment during the operation of the  
12 gambling business. If an individual ceases to be employed by or affiliated  
13 with a particular primary owner, that individual shall surrender his or her  
14 badge to the primary owner. The primary owner shall notify the  
15 Commission and the Division in writing within 10 days of the change in  
16 status using Change in Status Form for a Gambling Business Registration  
17 (CGCC-541, New 06/04), which is hereby incorporated by reference. Any  
18 primary owner receiving a badge from an individual formerly employed by  
19 or affiliated with the primary owner shall return the badge to the  
20 Commission within 10 days of receiving the badge from the holder.

21 (b) The words “GAMBLING BUSINESS PLAYER REGISTRANT,” “NON-  
22 PLAYER GAMBLING BUSINESS REGISTRANT,” “GAMBLING  
23 BUSINESS PLAYER LICENSEE,” or “NON-PLAYER GAMBLING  
24 BUSINESS LICENSEE” in capital letters shall be prominently displayed on



1 the front of the badge. The first name of the registrant or licensee shall  
2 appear on the front of the badge. The full name of the registrant or licensee  
3 shall be printed on the reverse side of the badge, together with the  
4 registrant's or licensee's category of registration or licensing as an owner,  
5 supervisor, player, or other employee.

6 (c) On the badge, there shall be displayed the picture of the registrant or  
7 licensee submitted with the application, the badge number, and expiration  
8 date. On the badge there shall be displayed the name of the primary owner  
9 employing the registrant or licensee, which shall be the fictitious business  
10 name, if any, established pursuant to Chapter 5 (commencing with Section  
11 17900) of Part 3 of Division 7 of the Business and Professions Code.

12 (d) Upon renewal of each registration and upon issuance of each registration or  
13 license, authorized players shall be issued a badge of one color; individuals  
14 not authorized to play shall be issued a badge of a distinctly different color.

15 (e) An individual registered or licensed as a player with a particular primary  
16 owner shall apply for and obtain a new badge before beginning to work for  
17 an additional primary owner.

18 (f) Registration, licenses, and badges are specific to the primary owner. A  
19 gambling business cannot be operated without first applying for and  
20 obtaining a registration, license, or badge.

21 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
22 Code

23 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code  
24

## **Section 12220.5 Replacement of Badge**

(a) Upon application, the Executive Director shall issue a replacement badge if all of the following conditions are met:

(1) The applicant has a current valid registration or license.

(2) The application is complete and has been submitted on the form Request for Replacement Gambling Business Badge (CGCC-538, New 06/04), which is hereby incorporated by reference.

(3) The applicant has supplied all of the following to the Commission:

(A) A two by two inch color passport-style photograph taken no more than one year before submission to the Commission of the badge replacement or transfer request.

(B) A nonrefundable \$25.00 fee payable to the Commission.

(C) The category of the position and information concerning the primary owner for which the replacement badge is requested: the name of the primary owner, mailing address, voice telephone number, facsimile number (if any), and email address (if any).

(D) A statement under penalty of perjury that a replacement badge is needed due to loss or destruction of the originally issued badge.

(b) A replacement badge issued pursuant to this section shall be valid during the unexpired term of the previously issued registration or license.

(c) Upon issuance of the replacement badge, the previously issued badge for that gambling business shall become void and shall not be used.

1 (d) Replacement badges shall be issued by the Commission within seven days of  
2 receipt of a complete application.

3 **Authority:** Sections 19811, 19840, 19841, and 19853(a)(3), Business and  
4 Professions Code

5 **Reference:** Section and 19853(a)(3), Business and Professions Code  
6

7 **Section 12220.6 Transfer of Player Registration or License**  
8

9 (a) Upon application, the Executive Director shall issue a player transfer badge  
10 if all of the following conditions are met:

11 (1) The applicant has a currently valid registration or license.

12 (2) The application is complete and has been submitted on the form  
13 Request for Transfer of Gambling Business Registration/License  
14 (CGCC-539, New 06/04), which is hereby incorporated by reference.

15 (3) The applicant has supplied all of the following to the  
16 Commission:

17 (A) A two by two inch color passport-style photograph taken  
18 no more than one year before submission to the Commission of  
19 the badge transfer request.

20 (B) A nonrefundable \$125.00 fee payable to the Commission.

21 (C) The names of the current and future primary owner, mailing  
22 address, voice telephone number, facsimile number (if any),  
23 and email address (if any).

24 (b) A transfer badge issued pursuant to this section shall be valid during the  
25 unexpired term of the previously issued registration or license.

- 1 (c) Upon issuance of the transfer badge, the previously issued badge shall  
2 become void and shall not be used.
- 3 (d) Transfer badges shall be issued by the Commission within seven days of  
4 receipt of a complete application.

5 **Authority:** Sections 19811, 19840, 19841, and 19853(a)(3), Business and  
6 Professions Code

7 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code

### 8

9 **Section 12220.13      Playing Book**

- 10 (a) The primary owner shall be responsible for assuring that its players maintain  
11 accurate, complete, and up-to-date playing books for all sessions of play  
12 worked in conformity with regulations of the Commission. The information  
13 in the playing-book record shall be transferred to the primary owner, or a  
14 supervisor designated by the primary owner at the end of each session of  
15 play. The primary owner shall maintain this information in English at a  
16 single location in the State of California, and shall maintain the original  
17 playing book records in the State of California, for at least five years. The  
18 location or locations where the records of this information and the original  
19 playing book records are maintained, and any change therein, shall be  
20 disclosed to the Commission and Division by written notice mailed or  
21 delivered within five business days after establishing or changing such a  
22 location.
- 23 (b) Playing books shall be prepared and maintained as follows:

1       (1) Playing book forms shall be reviewed and approved or disapproved by  
2       the Division.

3       (2) Each form in the playing book shall be recorded in ink and include,  
4       but not be limited to, the following information:

5           (A) Sequential numbers. Any unused form shall be voided and  
6           maintained in the playing book.

7           (B) Specify the name of the gambling establishment where play  
8           occurred.

9           (C) The date when play occurred.

10          (D) Beginning and ending balances.

11          (E) All fills and credits affecting the balance shall be individually  
12          identified.

13          (F) The printed full name and badge number of the player, which  
14          includes owners, supervisors, and/or players.

15          (G) The table number assigned by the gambling establishment.

16          (H) The specific name of the Division-approved gaming activity.

17          (I) The name of the primary owner.

18       (3) The form for each session of play shall be time-stamped, dated, and  
19       signed under penalty of perjury by the person who prepared it and  
20       shall include a declaration in the following form: "I declare under

1                   penalty of perjury under the laws of the State of California that the  
2                   foregoing is true and correct.”

3    **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
4                   Code

5    **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code  
6

7    **Section 12220.14.     Organization Chart and Employee Report**  
8

9    (a)    No later than September 1, 2004, each registered or licensed primary owner  
10           shall submit a current organization chart and a listing of all employees and  
11           independent contractors to the Division and the Commission. The listing of  
12           employees shall be submitted on the form Gambling Business Employee and  
13           Independent Contractor Report (CGCC-540, New 06/04), which is hereby  
14           incorporated by reference.

15   (b)    Upon renewal of the registration or license and six months thereafter, each  
16           registered or licensed primary owner shall submit an updated organization  
17           chart and a listing of all employees to the Division and the Commission.

18   **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
19                   Code

20   **Reference:** Section 19853(a)(3), Business and Professions Code  
21

22   **Section 12220.15     Transfers and Sales**

23   (a)    No individual who is an owner shall in any manner transfer any interest in  
24           the proposition player services operation to any person, firm, or corporation

1 until the proposed transferee or transferees have made application for and  
2 obtained registration or licensing as an owner from the Commission.  
3 Applications for a transfer of the interest shall be made by the transferee  
4 applying for registration or licensing under this regulation. Evidence of the  
5 transferor's agreement to transfer the interest shall accompany the  
6 application for registration or licensing.

7 (b) If applicable, the proposed articles of incorporation and sales and transfer  
8 agreement shall be submitted to the Commission for approval prior to  
9 submission of any application.

10 (c) The effective date of the sale shall be at least 90 days after receipt of the  
11 application, or such other shorter time period as shall be set by the Executive  
12 Director with the agreement of the applicant.

13 (d) The primary owner shall notify the Division and the Commission in writing  
14 within ten days of any change to the organization chart.

15 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
16 Code

17 **Reference:** Section 19853(a)(3), Business and Professions Code

## 19 **Section 12220.16. Inspections and Investigations**

20 (a) When requested by a representative of the Division, a registrant or licensee  
21 shall immediately permit the Division representative, in accordance with the  
22 request, to inspect, copy, or audit all requested documents, papers, books,

1 and other records of the registrant or licensee related to the gambling  
2 business. If the records are maintained in electronic form and the registrant  
3 or licensee is requested to do so, the registrant or licensee shall provide a  
4 printed copy in English pursuant to this section within 24 hours of the  
5 request.

6 (b) If requested in writing by the Executive Director, the Division shall conduct  
7 an inspection or investigation of a registrant or a licensee. Within 30 days  
8 of receipt of the request, the Division shall advise the Executive Director in  
9 writing of the status of the inspection or investigation and shall also provide  
10 an estimated date on which the inspection or investigation may reasonably  
11 be expected to be concluded. Upon completion of the inspection or  
12 investigation, the Division shall provide a final written report to the  
13 Executive Director.

14 (c) Nothing in this chapter precludes Commission staff from carrying out their  
15 duties under applicable statutes and regulations.

16 (d) All records required by this chapter shall be maintained in English, in  
17 California, for at least five years.

18 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
19 Code

20 **Reference:** Section 19853(a)(3), Business and Professions Code

21  
22 **Section 12220.17** **Emergency Orders**



Registrants and licensees under this chapter shall be subject to emergency orders under Business and Professions Code section 19931.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12220.18      Revocation**

The Commission may revoke a registration or license, upon any of the following grounds, after a hearing conducted pursuant to the same procedures applicable to the revocation of a gambling establishment license:

(a)    The registrant or licensee committed, attempted to commit, or conspired to commit any acts prohibited by the Gambling Control Act or this chapter.

(b)    Any act or omission by the registrant that would disqualify the registrant from obtaining registration under this chapter. Any act or omission by the licensee that would disqualify the licensee from obtaining licensing under this chapter.

(c)    The registrant or licensee engaged in any dishonest, fraudulent, or unfairly deceptive activities in connection with controlled gambling, including any violation of laws related to cheating.

(d)    The registrant or licensee failed or refused to comply with the requirements of Section 12200.16 (Inspections and Investigations).

1 (e) The registrant or licensee failed or refused to comply with the requirements  
2 of Section 12200.14 (Organization Chart and Employee Report).

3 (f) The registrant or licensee concealed or refused to disclose any material fact  
4 in any inquiry by the Division or the Commission.

5 (g) The registrant or licensee committed, attempted, or conspired to commit any  
6 embezzlement or larceny against a gambling business registrant or licensee  
7 or holder of a state gambling license or upon the premises of a gambling  
8 establishment.

9 (h) The registrant or licensee has been lawfully excluded from being present  
10 upon the premises of any licensed gambling establishment for any reason  
11 relating to cheating or any violation of the Gambling Control Act by the  
12 registrant.

13 (i) The registrant or licensee buys or sells chips other than from the cage or a  
14 house chip cart, except for exchanging with a patron chips of one  
15 denomination for chips of another denomination.

16 (j) The registrant or licensee lends money or chips to gambling establishment  
17 patrons or proposition players, except for exchanging with a patron chips of  
18 one denomination for chips of another denomination.

19 (k) Any owner knowingly permitted one or more of the owner's supervisors or  
20 players to commit any act described in subsections (a) to (j), inclusive.

21 (l) Any owner knew, or failed to implement reasonable oversight procedures  
22 that would have apprised the owner, that one or more of the registrants or  
23 licensees was in violation of one or more provisions of this chapter or of the

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Gambling Control Act and failed or refused to take action to prevent the recurrence of the violation or violations.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Section 19853(a)(3), Business and Professions Code

**Section 12220.20      Annual Fee**

**(a)** No later than September 1 of each year, beginning September 1, 2004, each registered or licensed primary owner shall submit to the Commission the annual fee set forth in subsection (c) of this section, based on the total number of registrations or licenses affiliated with that primary owner on the immediately preceding August 15. The payment due September 1, 2004 shall be based on the total number of registrations affiliated with the primary owner on August 15, 2004.

**(b)** Within 30 days of approval of any request to convert a registration to a license, the Commission shall notify the licensee of any additional fees owed for the term of the license granted, allowing pro rata credit on a monthly basis for any annual fee paid in connection with a registration that has not expired.

**(c)** The annual fee shall be computed based on the following schedule reflecting the total number of registrants or licensees affiliated with a particular primary owner on the date of assessment:

<u>Category</u>	<u>Number of Registrants</u>	<u>Fee Per Registrant</u>
	<u>or Licensees</u>	<u>or Licensee</u>

A	1—5	\$2800
B	6--35	\$3050
C	36--175	\$3300
D	176—400	\$3550
E	401--900	\$3800
F	901--1200	\$4050
G	1201 or more	\$4300

- (d) (1) Upon advance written approval by the Executive Director, installment payments submitted prior to conversion to licensure shall be permitted as follows: one-third of the annual fee to be submitted no later than September 1, one-third no later than December 1, and the balance no later than March 1.
- (2) Upon advance written approval by the Executive Director, installment payments submitted after conversion to licensure shall be permitted as follows: one-third of the annual fee to be submitted prior to issuance of the license, one-third to be submitted three months thereafter, and one-third to be submitted six months thereafter.

1 (e) Refunds shall not be available in the event of a subsequent decrease in the  
2 number of registrants or licensees upon which the annual fee payment was  
3 based.

4 (f) Following assessment of the annual fee, if the primary owner increases the  
5 number of its registrants or licensees above the number upon which the  
6 annual fee assessment was based, the primary owner shall submit to the  
7 Commission the additional per player fee set forth in subsection (c) of this  
8 section. No new badges will be issued until the additional per player fee has  
9 been received by the Commission.

10 (g) No renewal application shall be accepted by the Commission until any  
11 delinquent annual fees have been paid in full.

12 **Authority:** Sections 19801, 19811, 19823, 19824, 19840, 19841, and  
13 19853(a)(3), Business and Professions Code

14 **Reference:** Section 19853(a)(3), Business and Professions Code  
15

## 16 **Section 12220.21 Compliance**

17 (a) Registrants and licensees shall comply with game rules approved by the  
18 Division, including but not limited to, the rules regarding player-dealer  
19 rotation and table wagering. No registrant or licensee shall be accorded any  
20 preference by the house over other players.

21 (b) Only an authorized player may possess, direct, or otherwise control  
22 currency, chips, or other wagering instruments used for play in the operation  
23 of the gambling business.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
2 Code

3 **Reference:** Section 19853(a)(3), Business and Professions Code  
4

5 **Section 12220.23 Exclusion**

6 (a) In order to promote the purposes of the Gambling Control Act to provide for  
7 effective regulation of gambling enterprises, owner-licensees of gambling  
8 establishments shall notify the Commission and Division of, and may  
9 exclude from the gambling establishment, any person that the owner-  
10 licensee reasonably believes is conducting a gambling business within the  
11 gambling establishment without having been registered under this chapter.  
12 An owner-licensee acting under this section shall notify the Commission and  
13 Division in writing of any such unregistered person and any such exclusion,  
14 including the identity of the excluded individuals and entity if known, within  
15 10 business days following the exclusion. Upon receiving such notice of an  
16 unregistered person, the Commission shall notify the person in writing of the  
17 registration requirement of this chapter and shall notify all owner-licensees  
18 of the name of the unregistered person, if known and may condition any  
19 subsequent registration of the person under this chapter or Chapter 2.1 of  
20 this title upon a 60 to 90 day suspension of registration or payment of a civil  
21 penalty under Business and Professions Code section 19930(c), or both.

22 (b) An owner-licensee of a gambling establishment may exclude any registered  
23 or licensed gambling business upon providing notification to the  
24 Commission and Division in writing within five days following the  
25 exclusion.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
2 Code

3 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code  
4

5  
6 **Article 2. Registration**

7 **Section 12220.25 Transition to Licensing**

8 (a) The Division shall summon persons registered as primary owners, owners,  
9 supervisors, players, and other employees for the purpose of applying for  
10 licenses under this chapter. The Division shall summon primary owners,  
11 owners, supervisors, players, and other employees as expeditiously as  
12 possible in light of available program resources. The registration of any  
13 registrant that fails or refuses to submit a Request for Conversion of a  
14 Gambling Business Registration to a License (CGCC-537, New 06/04))(see  
15 section 12233(c) including any fees to the Commission within 30 days of  
16 receiving a summons from the Division shall expire by operation of law on  
17 the following day. Prior to and during review of a request to convert a  
18 registration to a license, a registration shall remain valid and may be  
19 renewed by the registrant as necessary, upon application and approval of  
20 renewal of registration.

21 (b) If the registration expires by operation of law, the former registrant shall  
22 submit a new request to convert a registration to a license and a new  
23 nonrefundable application fee.

24 (c) The transition from registration to licensing for applications approved prior  
25 to April 30, 2004, shall be completed no later than July 1, 2007.

(d) A request to convert a registration to a license shall require only payment of a sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.

(e) If a license is issued, it will expire as provided in Section 12237 (Term of License).

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12221. Registration**

(a) On and after March 5, 2004, no person may engage in a gambling business as an owner or as an employee or independent contractor of an owner, nor may any person obtain a badge as required by Section ~~12226~~ 12220.3 without a current valid registration issued by the Commission. Persons registered to provide proposition player services under Chapter 2 (commencing with Section 12200) of this title are not required to register under this chapter to provide proposition player services pursuant to one or more proposition player contracts approved by the Division pursuant to Section ~~12208~~ 12200.9 of this title.

(b) Registration shall be issued for a period of one year.

(c) Registration under this Article or its predecessor shall not create any vested right licensing under Article 3 of this chapter or any successor provision.



1 ~~(e)~~(d) If a primary owner is a corporation, partnership, or other business entity,  
2 each owner and individual having a relationship to that entity specified in  
3 Business and Professions Code section 19852, subdivisions (a) to (h),  
4 inclusive, shall individually apply for and obtain registration as an owner  
5 listed on the business entity's registration certificate.

6 ~~(d)~~(e) Any application for registration of any person, other than as the primary  
7 owner, shall designate the primary owner or owners that will employ the  
8 applicant or with whom the applicant otherwise will be affiliated. The  
9 registration certificate issued to any person, other than the primary owner,  
10 shall specify the name of the registered primary owner that employs the  
11 applicant or with whom the applicant is otherwise affiliated.

12 (f) If the application is for registration as a supervisor, player, or other  
13 employee, the primary owner that will employ the applicant shall be  
14 currently registered under this chapter.

15  
16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
17 Code

18  
19 **Reference:** Section 19853(a)(3), Business and Professions Code  
20

## 21 **Section 12222. Application for Registration**

22 (a) The application for registration shall designate whether registration is  
23 requested as a primary owner, other owner, or employee or independent  
24 contractor of the primary owner. The application shall be signed by the

individual applicant and the designated agent, or, if the applicant is a business entity, by the chief executive officer or other designated officer of the business entity.

(b) An application for registration shall include all of the following:

(1) Payment of a nonrefundable application fee in the amount of five hundred dollars (\$500).

(2) A completed Application for Gambling Business Registration (~~CGCC-037, rev. 02/04~~) (CGCC-535, Rev. 06/04), which is hereby incorporated by reference.

(3) A properly completed Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01) of an applicant that is an individual, confirming that the applicant's fingerprints have been submitted to the Bureau for an automated background check and response.

(4) Two (2) two-by-two inch color passport-style photographs of an applicant that is an individual taken no more than one year before submission of the application to the Commission.

(c) An applicant shall submit such supplemental information as may be required by the ~~Commission~~ form Gambling Business Registration Supplemental Information (~~CGCC-038, rev. 02/04~~) (CGCC-536, Rev. 06/04), which is hereby incorporated by reference, or by the Division as necessary for completion of its review as provided in this chapter.

(d) An applicant for registration shall make full and true disclosure of all information to the Commission and Division as required for the application and as requested by the Commission or Division to carry out the policies of this state relating to controlled gambling.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Sections 19853(a)(3) and 19951(a), Business and Professions Code

### **Section 12223. Processing of Applications**

(a) The Executive Director shall notify the applicant in writing within ~~fifteen business~~ ten days of receiving the application, that the application or resubmitted application is complete and accepted for filing, or that the application or resubmitted application is deficient. If an application for registration is incomplete, the Executive Director shall request in writing any information needed in order to complete the application. The applicant shall be permitted ~~at least 60 but no more than 90~~ days in which to furnish the information. If the applicant fails to respond to the request, the application shall be deemed abandoned and no further action will be taken on it.

(b) Upon determination that an application for registration is complete, the application shall be processed within ~~60~~ 30 days and the Executive Director shall either issue the registration and, if applicable, the badge applied for or shall notify the applicant of denial and the grounds therefor under Section 12224. ~~However, this time may be extended by the Executive Director for no more than 30 additional days if necessary to obtain information required~~

1 ~~to determine eligibility. The Executive Director shall promptly notify the~~  
2 ~~applicant in writing of any such delay, including the length of the extension.~~

3 (c) If the applicant submits a request for withdrawal of his or her application to  
4 the Commission, the application shall be deemed abandoned and no further  
5 action will be taken on it.

6 (d) The Commission shall provide written notice of abandonment of an  
7 application to the applicant and the Division. If the application is for  
8 registration as other than the primary owner, the Commission shall also  
9 provide written notice of abandonment of the application to the primary  
10 owner.

11 (e) Nothing in this chapter shall require the Commission or Division to divulge  
12 to the applicant any confidential information received from any law  
13 enforcement agency or any information received from any person with  
14 assurances that the information would be maintained as confidential, and  
15 nothing in this chapter shall require the Commission or Division to divulge  
16 any information that might reveal the identity of any source of information  
17 or jeopardize the safety of any person.

18 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
19 Code

20 **Reference:** Section 19853(a)(3), Business and Professions Code

21  
22 **Section 12224. Ineligibility for Registration**

1 An applicant shall be ineligible for registration for any of the following causes:

2 (a) Except for an individual seeking registration as “other employee,” an  
3 individual applicant is under the age of 21.

4 (b) The applicant has been convicted of any felony, including a conviction in a  
5 court of the United States or any other state of an offense that is classified as  
6 a felony by the laws of this state.

7 ~~(b)~~(c) The applicant has, within the ten year period immediately preceding the  
8 submission of the application, been convicted of a misdemeanor involving a  
9 firearm or other deadly weapon, gaming or gaming-related activities  
10 prohibited by Chapter 9 (commencing with Section 319) or Chapter 10  
11 (commencing with section 330) of Title 9 of Part 1 of the Penal Code,  
12 violations of the Gambling Control Act, or dishonesty or moral turpitude,  
13 not including convictions which have been expunged or dismissed as  
14 provided by law.

15 ~~(c)~~(d) The applicant has been subject to a final administrative or judicial  
16 adjudication revoking a registration under this chapter or a state gambling  
17 license, key employee license, work permit or finding of suitability or has  
18 had an application denied under this chapter or the Gambling Control Act.

19 ~~(d)~~(e) The applicant would be ineligible for a state gambling license under any of  
20 the criteria set forth in Business and Professions Code section 19859,  
21 subdivisions (b), (e), or (f), ~~or (e)~~, the terms of which are incorporated by  
22 reference and hereby expressly made applicable to applications for  
23 registration under this chapter.

~~(e)~~(f) The applicant would be ineligible for a state gambling license under Business and Professions Code section 19858, the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12225. Cancellation of Registration**

(a) Any registration issued in accordance with this chapter shall be subject to cancellation pursuant to this section. A registration shall be cancelled if the Commission determines upon a noticed hearing that the registrant is ineligible for registration, has failed in the application for registration to reveal any fact material to the holder's qualification for registration, or has supplied information in the registration application that is untrue or misleading as to a material fact pertaining to the criteria for issuance of registration.

(b) If the Commission finds that any of the circumstances set forth in subsection (a) apply, then the Executive Director shall immediately do all of the following:

- (1) Provide written notice to the registrant and the Division of the cancellation of the registration and the grounds thereof, and provide written notice of the cancellation to the primary owner, if the registrant is not the primary owner and to all gambling establishments.

(2) Notify the registrant, if an individual, that he or she is required to surrender the registrant's badge to the Commission not more than ten days following the date that the notice of the cancellation was mailed or such greater time as is authorized by the Executive Director.

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code.

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12226. Badge**

~~All individuals registered under this chapter shall wear in a prominently visible location a numbered badge issued by the Commission when present in a gambling establishment during the conduct of the registrant's gambling business. The words "GAMBLING BUSINESS REGISTRANT" in capital letters shall be prominently displayed on the badge above the picture of the registrant submitted with the application and the badge number, registrant's first name, and expiration date. The registrant's full name shall be printed on the reverse side of the badge.~~

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12227. Transfers and Sales**

~~No individual who is an owner shall in any manner transfer any interest in the gambling business to any person, firm, or corporation not then an owner of an interest therein, and such a transfer shall not become effective for any purpose,~~

~~until the proposed transferee or transferees have made application for and obtained registration as an owner from the Commission. Applications for a transfer of the interest shall be made by the transferee applying for registration under this regulation. Evidence of the transferor's agreement to transfer the interest shall accompany the application for registration.~~

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12228. Inspections**

~~When requested by a representative of the Commission or Division, a registrant shall immediately permit the Commission or Division representative, in accordance with the request, to inspect, copy, or audit all requested documents, papers, books, and other records of the registrant related to the gambling business. If the records are maintained in electronic form and the registrant is requested to do so, the registrant shall provide a printed copy pursuant to this section.~~

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

**Reference:** Section 19853(a)(3), Business and Professions Code

## **Section 12229. Compliance**



1 ~~(a) Each primary owner shall remit such fees to defray the costs of compliance~~  
2 ~~review and enforcement in the field as may be required by regulation of the~~  
3 ~~Division.~~

4 ~~(b) No more than one registrant of a single gambling business shall~~  
5 ~~simultaneously play at a table.~~

6 ~~(c) Registrants shall comply with game rules approved by the Division~~  
7 ~~regarding player-dealer rotation and table wagering. No registrant shall be~~  
8 ~~accorded any preference by the house over any other player. For purposes~~  
9 ~~of this subsection, "preference" means and is limited to both of the~~  
10 ~~following if sanctioned by house rule or otherwise directed by the house~~  
11 ~~or its employees:~~

12 ~~(1) Any priority in the continuous and systematic rotation of the deal,~~  
13 ~~as required by Penal Code section 330.11, such that a registrant~~  
14 ~~becomes entitled by reason of the priority to occupy the player-~~  
15 ~~dealer position more often than other players.~~

16 ~~(2) Any advantage to the registrant over other players in the placement of~~  
17 ~~wagers.~~

18 ~~(d) No gambling business in which the house has any financial interest may play~~  
19 ~~in the house.~~

20 ~~(e) No registrant may play in any a gambling establishment for which the~~  
21 ~~registrant holds a state gambling license, key employee license, or work~~  
22 ~~permit.~~

23 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
24 Code

1   **Reference:** Section 19853(a)(3), Business and Professions Code

2   **Section 12230. Revocation**

3   ~~The Commission may revoke a registration upon any of the following grounds,~~  
4   ~~after a hearing conducted pursuant to the same procedures applicable to revocation~~  
5   ~~of gambling establishment licenses:~~

6   ~~(a) The registrant committed, attempted to commit, or conspired to commit any~~  
7   ~~acts prohibited by the Gambling Control Act or this chapter.~~

8   ~~(b) Any act or omission by the registrant that would disqualify the registrant~~  
9   ~~from obtaining registration under this chapter.~~

10   ~~(c) The registrant engaged in any dishonest, fraudulent, or unfairly deceptive~~  
11   ~~activities in connection with controlled gambling, including any violation of~~  
12   ~~laws related to cheating.~~

13   ~~(d) The registrant failed or refused to comply with the requirements of Section~~  
14   ~~12228.~~

15   ~~(e) The registrant concealed or refused to disclose any material fact in any~~  
16   ~~inquiry by the Division or the Commission.~~

17   ~~(f) The registrant committed, attempted, or conspired to commit any~~  
18   ~~embezzlement or larceny against a gambling licensee or upon the premises~~  
19   ~~of a gambling establishment.~~

20   ~~(g) The registrant has been lawfully excluded from being present upon the~~  
21   ~~premises of any licensed gambling establishment for any reason relating to~~  
22   ~~cheating or any violation of the Gambling Control Act by the registrant.~~

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1 ~~(h) The primary owner or any other owner knowingly permitted one or more of~~  
2 ~~the employees or independent contractors of the gambling business to~~  
3 ~~commit any act described in subsections (a) to (f), inclusive.~~

4 ~~(i) The primary owner or any other owner knew, or failed to implement~~  
5 ~~reasonable oversight procedures that would have apprised the owner, that~~  
6 ~~one or more of the employees or independent contractors of the gambling~~  
7 ~~business was in violation of one or more provisions of this chapter or of the~~  
8 ~~Gambling Control Act and failed or refused to take action to prevent the~~  
9 ~~recurrence of the violation or violations.~~

10 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
11 Code

12 **Reference:** Section 19853(a)(3), Business and Professions Code

### 13 **Section 12231. Emergency Orders**

14 ~~Registrants under this chapter shall be subject to emergency orders under Business~~  
15 ~~and Professions Code section 19931.~~

16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
17 Code

18 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code

### 19 **Section 12232. Exclusion**

20 ~~(a) In order to promote the purposes of the Gambling Control Act to provide for~~  
21 ~~effective regulation of gambling enterprises, owner-licensees of gambling~~

~~establishments shall notify the Commission and Division of, and may  
exclude from the gambling establishment, any person that the owner  
licensee reasonably believes is conducting a gambling business within the  
gambling establishment without having been registered under this chapter.  
An owner licensee acting under this section shall notify the Commission and  
Division in writing of any such unregistered person and any such exclusion,  
including the identity of the excluded individuals and entity if known, within  
10 business days following the exclusion. Upon receiving such notice of an  
unregistered person, the Commission shall notify the person in writing of the  
registration requirement of this chapter and shall notify all owner licensees  
of the name of the unregistered person, if known and may condition any  
subsequent registration of the person under this chapter or Chapter 2.1 of  
this title upon a 60 to 90 day suspension of registration or payment of a civil  
fine penalty under Business and Professions Code section 19930(c), or both.~~

~~(b) An owner licensee of a gambling establishment may exclude any registered  
gambling business upon providing notification to the Commission and  
Division in writing within five days following the exclusion.~~

**Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
Code

**Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code

## **ARTICLE 3. LICENSING**

### **Section 12233. Request to Convert Registration to License**

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1 (a) A request to convert a registration to a license shall be submitted only in  
2 response to a written summons from the Division to a primary owner  
3 pursuant to Section 12220.25. Each primary owner's request shall be  
4 accompanied by the requests of all affiliated owners, supervisors, players,  
5 and other employees.

6 (b) The request to convert a registration to a license shall designate whether the  
7 license is requested as a primary owner, other owner, supervisor, player, or  
8 other employee. The request shall be signed by the individual requester or,  
9 if the requester is a business entity, by the chief executive officer or other  
10 designated officer of the business entity.

11 (c) The request to convert a registration to a license shall include all of the  
12 following:

13 (1) A completed Request for Conversion of a Gambling Business  
14 Registration to a License (CGCC-537, New 06/04), which is hereby  
15 incorporated by reference.

16 (2) Two (2) two-by-two inch color passport-style photographs of a  
17 requester that is an individual taken no more than one year  
18 before submission of the request to the Commission.

19 (3) The supplemental information package.

20 (4) A sum of money that, in the judgment of the Director of the Division,  
21 will be adequate to pay the anticipated investigation and processing  
22 costs, in accordance with Business and Professions Code section  
23 19867.

1 (d) Nothing in this chapter shall require the Commission or Division to divulge  
2 to the requester any confidential information received from any law  
3 enforcement agency or any information received from any person with  
4 assurances that the information would be maintained as confidential.  
5 Nothing in this chapter shall require the Commission or Division to divulge  
6 any information that might reveal the identity of any source of information  
7 or jeopardize the safety of any person.

8 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
9 Code

10 **Reference:** Section 19853(a)(3), Business and Professions Code  
11

## 12 **Section 12234                      Withdrawal of Request to Convert**

### 13 **Registration to License**

14  
15 (a) A request for withdrawal of a request to convert a registration to a license  
16 may be made at any time prior to final action upon the request by the  
17 Director by the filing of a written request to withdraw with the Commission.  
18 For the purposes of this section, final action by the Division means a final  
19 determination by the Director regarding his or her recommendation on the  
20 request to the Commission.

21 (b) The Commission shall not grant the request unless the requester has  
22 established that withdrawal of the request would be consistent with the  
23 public interest and the policies of the Gambling Control Act and this chapter.  
24 If a request for withdrawal is denied, the Division may go forward with its  
25 investigation and make a recommendation to the Commission upon the

1 request, and the Commission may act upon the request to convert as if no  
2 request for withdrawal had been made.

3 (c) If a request for withdrawal is granted with prejudice, the requester thereafter  
4 shall be ineligible to renew its request until the expiration of one year from  
5 the date of the withdrawal. Unless the Commission otherwise directs, no  
6 payment relating to any request is refundable by reason of withdrawal of  
7 request.

8 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
9 Code

10 **Reference:** Sections 19853(a)(3) and 19869, Business and Professions Code  
11

12 **Section 12235 Processing Times--Request to Convert**  
13 **Registration to License**  
14

15 (a) Except as provided in subsection (b), a request to convert a registration to  
16 license submitted pursuant to this chapter shall be processed within the  
17 following timeframes:  
18

19 (1) The maximum time within which the Commission shall notify the  
20 applicant in writing that a request or a resubmitted request is complete  
21 and accepted for initial processing by the Commission, or that a  
22 request or a resubmitted requested is deficient and identifying what  
23 specific additional information is required, is 20 days after receipt of  
24 the request. For the purposes of this section, "request" means the  
25 form Request for Conversion of a Gambling Business Registration to  
26 a License (CGCC-537, New 06/04), which was incorporated by

1 reference in Section 12233. A request is not complete unless  
2 accompanied by (1) a copy of the summons from the Division setting  
3 a deadline for filing the request with the Commission and (2) the  
4 supplemental information package required by section 12233(c)(3) for  
5 review by the Division pursuant to paragraph (3) of this subsection for  
6 persons affiliated with the primary owner to whom the summons was  
7 addressed. The supplemental information shall not be reviewed for  
8 completeness by the Commission.

9  
10 (2) A request and the supplemental information package shall be  
11 forwarded by the Commission to the Division for processing within  
12 10 days of the date that the Commission determines that the request is  
13 complete.

14  
15 (3) The Division shall review the supplemental information package  
16 submitted for completeness and notify the applicant of any  
17 deficiencies in the supplemental information package, or that the  
18 supplemental information package is complete, within 45 days of the  
19 date that the request and supplemental information package are  
20 received by the Division from the Commission. Notwithstanding this  
21 subsection, subsequent to acceptance of the supplemental information  
22 package as complete, the Division may, pursuant to Business and  
23 Professions Code section 19866, require the requester to submit  
24 additional information.

25 (4) Pursuant to Business and Professions Code section 19868, the  
26 Division shall, to the extent practicable, submit its recommendation to



1 the Commission within 180 days after the date the Division is in  
2 receipt of both the completed request pursuant to paragraph (2) of this  
3 subsection and the completed supplemental information package  
4 pursuant to paragraph (3) of this subsection. If the Division has not  
5 concluded its investigation within 180 days, then it shall inform the  
6 applicant and the Commission in writing of the status of the  
7 investigation and shall also provide the applicant and the Commission  
8 with an estimated date on which the investigation may reasonably be  
9 expected to be concluded.

10  
11 (5) The Commission shall grant or deny the request within 120 days after  
12 receipt of the final written recommendation of the Division  
13 concerning the request, except that the Commission may notify the  
14 applicant in writing that additional time, not to exceed 30 days, is  
15 needed.

16  
17 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
18 Code

19 **Reference:** Sections 19853(a)(3), Business and Professions Code  
20

## 21 **Section 12236 Ineligibility for Licensing**

22 A requester shall be ineligible for licensing for any of the following causes:

23 (a) Except for an individual seeking licensing as “other employee,” an  
24 individual applicant is under the age of 21.

1 (b) The requester has been convicted of any felony, including a conviction in a  
2 court of the United States or any other state of an offense that is classified as  
3 a felony by the laws of this state.

4 (c) The requester has, within the ten year period immediately preceding the  
5 submission of the request to convert, been convicted of a misdemeanor  
6 involving a firearm or other deadly weapon, gaming or gaming-related  
7 activities prohibited by Chapter 9 (commencing with Section 319) or  
8 Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal  
9 Code, violations of the Gambling Control Act, or dishonesty or moral  
10 turpitude.

11 (d) If the request to convert is for licensing as an owner, supervisor, or player,  
12 the requester has been subject to a final administrative or judicial  
13 adjudication revoking a registration or license under this chapter or a state  
14 gambling license, key employee license, work permit or finding of  
15 suitability or has had an application denied under this chapter or the  
16 Gambling Control Act.

17 (e) The requester would be ineligible for a state gambling license under any of  
18 the criteria set forth in Business and Professions Code section 19859,  
19 subdivisions (b), (e), or (f), the terms of which are incorporated by reference  
20 and hereby expressly made applicable to requests to convert under this  
21 chapter.

22 (f) The requester would be ineligible for a state gambling license under  
23 Business and Professions Code section 19858, the terms of which are

1 incorporated by reference and hereby expressly made applicable to  
2 applications for registration under this chapter.

3 (g) The applicant is ineligible based on any other provision of law.

4 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
5 Code

6 **Reference:** Sections 19853(a)(3), Business and Professions Code

7 **Section 12237 Term of License**

8 All initial licenses shall be issued for a period of two years. Due to nonrecurring  
9 workload problems associated with the processing of the first round of requests to  
10 convert registrations to licenses, all other initial licenses that are granted within  
11 three years of the effective date of these regulations shall be issued for a period of  
12 two years. Beginning July 1, 2007, all licenses other than player licenses shall be  
13 issued for a period of one year, except as otherwise provided by a subsequently  
14 adopted regulation of the Commission.

15  
16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
17 Code

18 **Reference:** Section 19853(a)(3), Business and Professions Code